



**CENTRAL BANK OF MYANMAR**

*DOMESTIC MARKET OPERATIONS:*  
SECURITIES AUCTION PROCEDURES

May, 2017

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## ***DOMESTIC MARKET OPERATIONS: SECURITIES AUCTION PROCEDURES***

The Central Bank of Myanmar has issued the Domestic Market Operations and Securities Auction Procedures for the purpose of giving information with regarding the conduct of securities auctions by the Central Bank of Myanmar.

These Auction Procedures should be read in conjunction with the relevant Offering Memorandum for Treasury Bills and Offering Memorandum for Treasury Bonds, which are available from [www.cbm.gov.mm](http://www.cbm.gov.mm).

Auctions of securities conducted by the Central Bank of Myanmar may be for its own securities or those of the Government of Myanmar.

The Central Bank of Myanmar is granted the authority to conduct auctions by Article 40(p) of the Central Bank of Myanmar Law 2013 and to issue procedures for the conduct of such auctions by Article 121 of the same Law.

### **1. DEFINED TERMS**

For expressions used in these Auction Procedures and not otherwise defined, the following definitions apply.

Accepted yield For auctions selling securities, the yield at which the tender amount is equalled or exceeded is the Accepted yield.

For auctions purchasing securities, the yield at which the tender amount is equalled or exceeded is the Accepted yield.

Accrued coupon For auctions of treasury bonds, the bonds may be auctioned on dates between coupon payments. The total price paid will therefore be the price of the bond including accrued coupon between the previous coupon date and settlement date.

Banking day A day not being a Saturday or Sunday and Public Holidays on which commercial banks are open for general banking business in the city of Yangon, Myanmar.

Competitive bidder A bidder who bids on both amount and yield.

Face value (or Principal value)	The par value (the stated value) amount of a Security.
Kyat	The currency of Myanmar.
Myanmar	The Republic of the Union of the Myanmar.
Non-competitive bidder	A bidder who bids on a face value amount only and allocated a quantity at the market value weighted average of accepted yields in the competitive pool.
Person	Is not limited to individuals, but includes incorporated entities, firms, partnerships and any state or government or agency thereof with a securities settlement account at the Central Bank of Myanmar.
Security	Means a security as defined in Article 2 of the 2013 Securities and Exchange Law.
Settlement date	The date on which cash payment is exchanged for a security.
Third party	A person for whom the Central Bank of Myanmar is acting as agent for under an appropriate agreement. For example, Ministry of Planning and Finance.

## 2. TERMS AND CONDITIONS

- 2.1. Any invitation to tender is a wholesale offer made to financial institutions registered as counterparties with the Central Bank of Myanmar.
- 2.2. The auctions will be held on a multiple-price basis. Each successful competitive bidder will be allocated securities at the yield that it bid at. Each successful non-competitive bidder will be allocated securities at the market value weighted average of successful bid yields in the competitive bidders' pool.
- 2.3. The Central Bank of Myanmar may be acting as an agent of the Government in offering securities for auction.

2.4. The Central Bank of Myanmar reserves the right to bid as a non-competitive bidder in auctions of Government of Myanmar securities when it is acting as an agent on behalf of the Government.

2.5. The Central Bank of Myanmar will not be liable for any loss to any person arising directly or consequentially arising out of:

2.5.1. The breach by any person of any of the terms and conditions of an auction.

2.5.2. Any inaccuracy in the details of auctions as announced.

2.5.3. The terms of any bid.

2.5.4. The Central Bank of Myanmar acting on any bid received or purportedly received from counterparty.

2.5.5. The inability of the Central Bank of Myanmar to act on any bid received.

2.5.6. Any fraud or forgery on the part of any person bidding or purporting to bid.

2.5.7. Any variation to timetables.

2.5.8. Any other matters.

### **3. REGISTRATION OF BIDDERS**

3.1. Application for registration as a bidder should be made at least ten (10) banking days before an institution wishes to participate in the Central Bank of Myanmar's domestic market operations.

3.2. Only persons who have an account with the Central Bank of Myanmar's settlement system can register as bidders.

3.3. Registration enables bidders to participate in securities auctions, deposit auctions, buyback, repurchase, switch auctions and credit auctions. Once registered, a counterparty need not re-apply for registration in respect of subsequent operations, unless the registration has been cancelled by the Central Bank of Myanmar.

3.4. The Central Bank of Myanmar reserves the right to reject any application for registration or to cancel any such registration at any time.

3.5. Application forms for registration as a bidder can be found at [www.cbm.gov.mm](http://www.cbm.gov.mm).

#### 4. BIDDING

4.1. Bidding may be in either the competitive or non-competitive pool depending on whether the bidder is registered as a competitive or non-competitive bidder.

4.2. Bids must be submitted by 10:00 a.m. on the day of the Auction.

4.3. Competitive bids may be made by eligible competitive bidders.

4.3.1. Competitive bids are to be submitted on the appropriate bond or bill "Competitive Bid Form" and either sent by CBM-NET messaging, email to [fmdauctioncbm@gmail.com](mailto:fmdauctioncbm@gmail.com), facsimile to 01 860 5095, or any other means described by the Central Bank of Myanmar.

4.3.2. Every competitive bidder may submit an unlimited number of competitive bids.

4.3.3. The Central Bank of Myanmar reserves the right to reject any submitted bid form that is incomplete.

4.4. Non-competitive bids may be made by eligible non-competitive bidders.

4.4.1. Non-competitive bids are to be submitted on the appropriate bond or bill "Non-competitive Bid Form" and either sent by CBM-NET messaging, email to [fmdauctioncbm@gmail.com](mailto:fmdauctioncbm@gmail.com), facsimile to 01 860 5095, or any other means described by the Central Bank of Myanmar.

4.4.2. Every non-competitive bidder may submit one bid only.

4.5. Competitive bids are to be made on a yield basis:

- 4.5.1. For treasury bond auctions, the yield is the yield to maturity as an annual percentage rate quoted to three decimal places; and
- 4.5.2. For treasury bill auctions, the yield is the discount yield as an annual percentage rate quoted to three decimal places.

4.6. Each competitive bid must be accompanied by an implied price:

- 4.6.1. For treasury bill auctions the implied price is the price per 100,000 Kyat of the face value rounded to the nearest hundredth of a Kyat. Decimal fractions less than 0.005 Kyat being rounded down to the nearest hundredth of a Kyat and fractions of 0.005 Kyat or greater being rounded up to the nearest hundredth of a Kyat.

4.6.2. For treasury bond auctions three values are required:

- 4.6.2.1. The implied price per 100,000 Kyat of the face value rounded to the nearest hundredth of a Kyat. Decimal fractions less than 0.005 Kyat being rounded down to the nearest hundredth of a Kyat and fractions of 0.005 Kyat or greater being rounded up to the nearest hundredth of a Kyat.

- 4.6.2.2. The accrued coupon per 100,000 Kyat of the face value rounded to the nearest hundredth of Kyat. The accrued coupon is the amount of coupon accrued between the previous coupon date and the settlement date of the auction. Decimal fractions less than 0.005 Kyat being rounded down to the nearest hundredth of a Kyat and fractions of 0.005 Kyat or greater being rounded up to the nearest hundredth of a Kyat.

- 4.6.2.3. The total price (implied price and accrued coupon) per 100,000 Kyat of the face value

rounded to the nearest hundredth of a Kyat. Decimal fractions less than 0.005 Kyat being rounded down to the nearest hundredth of a Kyat and fractions of 0.005 Kyat or greater being rounded up to the nearest hundredth of a Kyat.

4.7. The minimum face value amount of each competitive bid must be 500,000,000 Kyat and multiples of 10,000,000 Kyat thereafter.

4.8. Once submitted, a bid cannot be retracted or altered.

## **5. SELECTION AND ALLOCATION OF COMPETITIVE BIDS**

5.1. For issuance and sales of securities:

5.1.1. Competitive bids that satisfy the bidding procedures will be ranked in order of ascending yield until the total face value of bids equals the total face value on offer. The yield at which the tender amount is equalled or exceeded is the Accepted yield.

5.1.2. All bids with yields at or below the Accepted yield will be allocated principal amounts at the rate at which each bid was made.

5.2. For purchases of securities:

5.2.1. Competitive bids that satisfy the bidding rules will be ranked in order of descending yield until the total face value of bids equals the total face value on offer. The yield at which the tender amount is equalled or exceeded is the Accepted yield.

5.2.2. All bids with yields at or above the Accepted yield will be allocated principal amounts at the rate at which each bid was made.

5.3. Where the amount bid at the Accepted yield exceeds the amount on offer, a bidder's principal amount will be scaled back to the greatest 10,000,000 Kyat.

5.4. Where there is more than one bidder at the Accepted yield, bidders will be allotted principal amounts as far as practicable, on a pro-



rata basis in relation to the amount available at that yield, except that no successful bidder shall be allotted a principal amount that is less than 10,000,000 Kyat. All allocations will be in whole multiples of 10,000,000 Kyat thereafter.

5.5. Where the Central Bank of Myanmar is acting as an agent for a third-party, the third party will review the Central Bank of Myanmar's acceptance of competitive bids, determination of Accepted price; and allocation of competitive bids.

5.6. In those cases where the Central Bank of Myanmar is acting as an agent, the third party has the right to: reject any competitive bid; re-determine the Accepted price; and re-allocate competitive bids.

## **6. ALLOCATION OF NON-COMPETITIVE BIDS**

6.1. The minimum face value of non-competitive bids must be 500,000,000 Kyat and in whole multiples of 10,000,000 Kyat thereafter.

6.2. Non-competitive bids that satisfy the bidding procedures will be allocated the bid principal amounts at the market value weighted average of successful bid yields in the Competitive pool.

6.3. Where the non-competitive bids exceed that amount on offer, bidders will be allocated principal amounts as far as practicable, on a pro-rata basis, except that no successful bidder shall be allotted a principal amount that is less than 10,000,000 Kyat. All allocations will be in whole multiples of 10,000,000 Kyat thereafter.

6.4. Where the Central Bank of Myanmar is acting as an agent for a third-party, the third party will review the Central Bank of Myanmar's acceptance of non-competitive bids and allocation of non-competitive bids.

6.5. In those cases where the Central Bank of Myanmar is acting as an agent the third party has the right to: reject any non-competitive bid and re-allocate competitive bids.

## **7. AUCTION RESULTS AND CONFIRMATION**

7.1. Auction results will be announced by 2:00 p.m. on the day of the auction via a combination of electronic media and the Central Bank of Myanmar's website. In those cases where the Central Bank of

Myanmar is acting as an agent for a third-party, the results also will be available from the third-party's website.

7.2. Auction Counterparties may check their allocations once auction results have been announced, by contacting the Central Bank of Myanmar. Phone calls to Auction Counterparties by the Central Bank of Myanmar will not be made. Central Bank of Myanmar contacts can be found in the contacts section of this document.

## 8. SETTLEMENT

8.1. Settlement details for successful bidders will be available from the CBM-NET system. The CBM-NET report will detail the allocated face value amount and the cash value of the payment required on settlement day.

8.2. Settlement for all securities issued at auction is on auction date + 2 Banking days. Settlement is via the Central Bank of Myanmar's settlement system, CBM-NET.

## 9. CONTACTS

Director General

Account Department

Phone: 01 543 668

Fax: 01 543 677

Email: [thanhanswedd@gmail.com](mailto:thanhanswedd@gmail.com)

Deputy Director General

Financial Markets Department

Phone: 01 543 757

Fax: 01 860 5095

Email: [fmdauctioncbm@gmail.com](mailto:fmdauctioncbm@gmail.com)

## 10. FAILURE TO SETTLE

10.1. When a Bidder/Other Bidder does not provide full payment by 11:00 a.m. on settlement day, the Central Bank of Myanmar will decrease the issue of the securities concerned by the total nominal amount of the accepted bids of the Bidder/Other Bidder who did

not fulfil its obligation in total and will return any partial payment to that Bidder/Other Bidder.

- 10.2. The Central Bank of Myanmar may impose administrative penalty and a penalty charge under this section. Any such penalty will not exceed twice the value between the nominal amount of securities purchased and the consideration to be paid.

## **11. RESERVATION OF RIGHTS**

- 11.1. The Central Bank of Myanmar reserves the right to terminate an auction if it judges that collusion among the Bidders or other malfeasance has occurred or if the rates bid are significantly out of line with the market. Furthermore, the Central Bank of Myanmar reserves the right to award more or less than the amount indicated in an auction announcement. Decisions by the Central Bank of Myanmar under this Section shall be final.

## **12. REMEDIES**

- 12.1. When a person fails to comply with these Procedures, the Central Bank of Myanmar will consider the circumstances of such failure and determine an appropriate remedy. Such remedy may include prohibiting the person from participating in future auctions. The Central Bank of Myanmar may refer such occurrence to the appropriate department or government agency for enforcement.



(Set Aung)

**Deputy Governor**



**CENTRAL BANK OF MYANMAR**  
*SECURITIES AUCTIONS*

**BIDDER REGISTRATION APPLICATION FORM**

To: Deputy Director General  
Financial Markets Department  
Central Bank of Myanmar,

I/We.....

(Full Legal Name of Applicant)

Full Physical Address

.....  
.....

Full Postal Address for Correspondence

.....  
.....  
.....

Having read, understood and agreed with the Central Bank of Myanmar's Security Auction Procedures, wish to apply for registration as a bidder in the Central Bank of Myanmar Securities Auctions.

The following position/s has/have authority to authorise signatories for both bidding in auctions conducted by the Central Bank of Myanmar and purchases and sales transactions of securities with the Central Bank of Myanmar:

Position	Name of person currently in position
.....	.....
.....	.....

IMPORTANT

(i) Notwithstanding that the persons currently holding the positions above have been named, it is acknowledged and agreed that any successor to those positions shall bind the Bidder on all transactions undertaken under this Application.

(ii) The Applicant confirms that the information given and the statements made by the Applicant in this Application are true and correct and the Central Bank of Myanmar shall not be under any obligation, whether at law or in equity, to enquire into the accuracy of such information or statements either now or in the future.

(iii) Until this Application has been processed, and the approval confirmed by the Central Bank of Myanmar in writing, it shall not have any binding effect.

(iv) Notwithstanding the registration of the Applicant as a Bidder or anything else contained in the Application, all bids shall comply with the Central Bank of Myanmar's rules or operating guidelines for those transactions.

AUTHORITY

(i) Signed by .....

(Name of Institution)

by its attorney(s): \*

.....

.....

in the presence of:

.....

\* (Original Power of Attorney to be sighted upon delivery of this document to the Central Bank of Myanmar, Financial Markets Department, Yangon Branch, or a copy of the Power of Attorney certified by a solicitor as being a true copy of the original.)

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I/We, .....

of .....

hereby certify:

1. That I/we have executed the above Authorisation in the name of and as the Attorney of .....

under and by virtue of the powers and authorities conferred on me/us by a Power of Attorney granted by the said Company/Bank under its common seal on ..... day of ..... 20 .....

2. That I/we have not received any information or notice of the revocation of the said Power of Attorney either through the dissolution or winding up of the said Company/Bank or otherwise.

3. That to the best of my/our knowledge and belief the above Authorisation is not contrary to any instructions or directions of the said Company/Bank or its Board of Directors.

Signed at

.....

by the said Attorney(s):

.....

.....

this .....day of ..... 20.....



**CENTRAL BANK OF MYANMAR**  
*SECURITIES AUCTIONS*

**BIDDER AUTHORISED SIGNATORIES**

To: Deputy Director General – Financial Markets Department  
Central Bank of Myanmar,

.....  
(Name of Institution)

1. This authority revokes all previous authorities given for this purpose.
2. The employees listed in the Schedule below are authorised to enter into the following operations with the Central Bank of Myanmar:
  - (i) purchase and sale of securities with less than 12 months to maturity; and
  - (ii) auctions for either the purchase or sale of securities conducted by the Central Bank of Myanmar under its Securities Auction Procedures.

**SCHEDULE**

Authorised Person	Position of Authorised Person	Signature
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

I certify that I am duly authorised to give this authority.

Signed this ..... day of ..... 20....

.....  
(Position Held\*)      (Name)                      (Signature)

Senior contact in case of enquiry: ..... Telephone: .....

\*The position held must correspond to a position stated in the Bidder registration application



**CENTRAL BANK OF MYANMAR**

*TREASURY BILL SECURITIES AUCTIONS*

**COMPETITIVE BID FORM**

Date of auction: .....

Tender number:..TB.....

Security name: .....

Security identifier: .....

Bidder's name: .....

Bidder's identifier: .....

Bid discount yield: .....% per annum

Price per 100,000 Kyat of face value: .....Kyat

Face value being bid: ..... Kyat

Cash value of bid: .....Kyat

Name of authoriser: .....

Signature: .....

Date: .....

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FOR CBM USE ONLY

Received: .....

Entered into auction system: .....





**CENTRAL BANK OF MYANMAR**  
*TREASURY BOND SECURITIES AUCTIONS*

**COMPETITIVE BID FORM**

Date of auction: .....

Tender number:..GB.....

Security name: .....

Security identifier: .....

Bidder's name: .....

Bidder's identifier: .....

Bid yield to maturity: .....% per annum    Price per 100,000 Kyat of face value: .....Kyat

Accrued coupon per 100,000 Kyat of face value : .....Kyat

Total price and accrued coupon per 100,000 Kyat of face value : .....Kyat

Face value being bid: ..... Kyat

Cash value of bid: .....Kyat

Name of authoriser: .....

Signature: .....

Date: .....

---

FOR CBM USE ONLY

Received: .....

Entered into auction system: .....



**CENTRAL BANK OF MYANMAR**

*TREASURY SECURITIES AUCTIONS*

**NON-COMPETITIVE BID FORM**

Date of auction: .....

Tender number:.....

Security name: .....

Security identifier: .....

Bidder's name: .....

Bidder's identifier: .....

Face value being bid: ..... Kyat

Name of authoriser: .....

Signature: .....

Date: .....

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FOR CBM USE ONLY

Received: .....

Entered into auction system: .....



**CENTRAL BANK OF MYANMAR**

*TREASURY BILL SECURITIES AUCTION CONFIRMATION*

Date of auction:..... Tender number: TB..... Settlement date:.....

Security name: ..... Security identifier: .....

Purchaser: ..... Purchaser's identifier: .....

Sale yield : ..... % per annum Price per 100,000 Kyat of face value : ..... Kyat

Face value : ..... Kyat Cash value : ..... Kyat

**CBM SETTLEMENT SYSTEM DETAILS**

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Entered into settlement system: .....

Entry confirmed to purchaser : ..... Transaction identifier : .....



**CENTRAL BANK OF MYANMAR**  
**TREASURY BOND SECURITIES AUCTION CONFIRMATION**

Date of auction:..... Tender number: GB..... Settlement date:.....

Security name: ..... Security identifier: .....

Purchaser: ..... Purchaser's identifier: .....

Face value of bid before allocation: .....Kyat

**BID ALLOCATION**

Sale yield: .....% per annum Price per 100,000 Kyat of face value: .....Kyat

Accrued coupon per 100,000 Kyat of face value : .....Kyat

Total price and accrued coupon per 100,000 Kyat of face value : .....Kyat

Face value: .....Kyat Cash value: .....Kyat

**CBM SETTLEMENT SYSTEM DETAILS**

Entered into settlement system:..... Transaction identifier: .....

Entry confirmed to purchaser:.....



# CENTRAL BANK OF MYANMAR

## SECURITIES TRANSFER FORM

Date of transaction: .....

Settlement date .....

Security name: .....

Security identifier: .....

Seller: .....

Seller's identifier: .....

Purchaser : .....

Purchaser's identifier: .....

Sale yield : ..... % per annum

Price per 100,000 Kyat of face value : ..... Kyat

(for bonds) Accrued coupon per 100,000 Kyat of face value : ..... Kyat

(for bonds) Total price per 100,000 Kyat of face value : ..... Kyat

Face value : ..... Kyat

Total cash value : ..... Kyat

SELLER Authorised by : ..... Signature : .....

Date : .....

### FOR CBM USE ONLY

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Received: ..... Entered into settlement system : .....

Entry confirmed to participants : .....

Transaction identifier : .....