



# REPUBLIC OF THE UNION OF MYANMAR

## *TREASURY BONDS* OFFERING MEMORANDUM

This Offering Memorandum has been issued by the Treasury Department of the Ministry of Planning and Finance for the purpose of giving information with regard to the Treasury Bonds issued by the Government of the Republic of the Union of Myanmar (“Myanmar Government”).

The Myanmar Government is granted the authority to issue Treasury Bonds by the Union Budget Law.

### **TREASURY BOND DESCRIPTION**

Republic of the Union of Myanmar Treasury Bonds (“the Bonds”) are Myanmar Kyat denominated Bonds issued with a fixed coupon which is paid semi-annually in arrears. The Face Value of the Bonds and final payment of Coupon Interest is paid on maturity.

### **ISSUER**

The Government of the Republic of the Union of Myanmar.

### **CREDIT RATING**

As at the date of this memorandum, neither the Myanmar Government nor its debt securities are rated by any credit rating agency.

### **DEFINED TERMS**

Expressions used in this Offering Memorandum and not otherwise defined, have the meanings given to them in the Glossary of Terms set out in clause seven (7) of this Offering Memorandum.

### **INQUIRIES**

For further information, inquirers may contact either the Ministry of Planning and Finance or the Central Bank of Myanmar.

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This Offering Memorandum is dated on 08-05-2017.

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## **1. TREASURY BOND DESCRIPTION**

### 1.1. Description

The Bonds are denominated in Myanmar Kyat only and issued on a premium or discount to par basis. Bonds pay a semi-annual coupon in arrears. The Face Value of the Bonds and final payment of Coupon Interest is paid on maturity. The Bonds are issued on the terms set out in this Offering Memorandum.

### 1.2. Issuer

The issuer of the Bonds is the Government of the Republic of the Union of Myanmar as authorised by the Union Budget Law.

### 1.3. Registrar

The Central Bank of Myanmar is the Registrar.

### 1.4. Taxation

All Treasury Bonds issued in the Republic of the Union of Myanmar shall be subject to all taxes in line with the provisions of existing laws, rules and regulations of the Republic of the Union of Myanmar.

## **2. AGREEMENT AND AGENT**

### 2.1. Agreement

An agreement dated on 20-1-2015 between the Ministry of Planning and Finance (formally the Ministry of Finance) and the Central Bank of Myanmar, sets out the terms for the delivery of services to the Ministry of Planning and Finance by the Central Bank. The agreement includes the appointment of an agent to act for the Ministry of Planning and Finance to issue Treasury Bonds on behalf of the Government of Myanmar.

### 2.2. Agent

The Central Bank of Myanmar is the Agent of the Ministry of Planning and Finance for the issuance of the Government of Myanmar's Treasury Bonds as per the Agreement between the Ministry of Planning and Finance and the Central Bank of Myanmar on Treasury Securities. The Ministry of Planning and Finance reserves the right to issue Treasury Bonds directly or through any other agent that may be appointed.

### 3. COUPON INTEREST

#### 3.1. Coupon interest calculation

Coupon Interest is calculated on the Face Value of the Bonds at half the annual Coupon Interest Rate and payable semi-annually in arrears on each Coupon Interest Payment Date. Coupon Interest will cease to accrue on the Bonds from the Maturity Date.

Subject to the next paragraph,

- the first Coupon Interest payment on the Bonds will be calculated on the basis that there is deemed to be a full semi-annual period between the Issue Date of those Bonds and the first Interest Coupon Interest Payment Date of those Bonds, and
- Coupon Interest will be paid on the first Coupon Interest Payment Date following the Issue Date of those Bonds.

#### 3.2. Coupon interest payment

For Bonds issued during the period after a Record Date up to, but not including, the Coupon Interest Payment Date immediately following that Record Date, Bondholders will not be paid Coupon Interest for the period (deemed or otherwise) between the Issue Date of those Bonds and that Coupon Interest Payment Date.

If a Coupon Interest Payment Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

### 4. ISSUANCE MATTERS

#### 4.1. Issuance

Bonds may be issued by way of auction, syndication, private placement, or otherwise.

The Government of Myanmar reserves the right to issue Bonds with the same Maturity Date as any other Bonds already on issue, from time to time whether by auction, syndication, private placement or otherwise.

The details of any issuance are to be published no later than one business day after the issuance.

#### 4.2. Repurchase

The Government of Myanmar may, at any time, offer to purchase, beneficially, Bonds from any person. Bonds may be repurchased via tender, by reverse enquiry or otherwise. Any Bonds so purchased, may be lent, retained, sold or cancelled at the discretion of the Government of Myanmar.

#### 4.3. Settlement price for primary bond issuance, bond repurchases, and trading bonds prior to the second to last coupon payment.

Bonds are quoted on a Yield basis quoted to three decimal places. The settlement price is quoted per 100,000 Kyat face value. The price of Bonds shall be calculated on a Yield basis using the following formula:

$$\text{Settlement Price} = \left[ \frac{\frac{1}{(1+i)^n} + r \left[ c + \frac{1 - \frac{1}{(1+i)^n}}{i} \right]}{(1+i)^{\frac{a}{b}}} \right] \times 100,000$$

Where:

- r is the annual Coupon Interest Rate divided by 200, i.e. the semi-annual Coupon Interest Rate (%)
- i is the Yield as an annual percentage rate to three decimal places divided by 200, i.e. the semi-annual yield (%)
- c is where the Settlement Date is after the Record Date and up to, but not including, the next Coupon Interest Payment Date “c” has the value of 0, otherwise “c” has the value of 1
- n is the number of full half years between the next Coupon Interest Payment Date and the Maturity Date inclusive
- a is the number of days from the Settlement Date to the next Coupon Interest Payment Date inclusive
- b is the number of days in the half year ending on the next Coupon Interest Payment Date inclusive

The settlement price will be rounded to the nearest hundredth of a Kyat.

Settlements for any Bonds issued during the period from the Record Date up to, but not including, the Coupon Interest Payment Date will be on an ex-coupon interest basis. All other settlements will be on a cum-coupon interest basis.

#### 4.4. Settlement price for bond repurchases and trading bonds with one coupon payment remaining

When Bonds have only one Coupon Interest Payment Date remaining, the following formula will be used by the banks and financial institutions to determine the settlement price when the Bonds are traded in the secondary market:

$$\text{Settlement Price} = \left[ \frac{1 + r}{1 + \left(i \times \frac{n}{365}\right)} \right] \times 100,000$$

Where:

- r is the annual Coupon Interest Rate divided by 200, i.e. the semi-annual Coupon Interest Rate (%)
- i is the Yield divided by 100
- n is the number of full days from the Settlement Date until the Maturity Date inclusive

#### 4.5. Time to maturity – tenor

Treasury bonds will be issued with a variety of maturity tenors (time to maturity) from one year and above.

#### 4.6. Auction notice

At least one business day prior to an auction a notice will be placed on the websites of both the Ministry of Planning and Finance and the Central Bank of Myanmar. Such a notice will detail:

- Auction date;
- Maturity dates and coupon to be offered; and
- Face value on offer at each maturity date.

#### 4.7. Auction dates

Auctions will be conducted on Tuesday as advertised in the calendar and auction notices. The results of the auction are to be published no later than one business day after the auction.

#### 4.8. Auction conduct

Auctions will be conducted according to rules issued by the Central Bank of Myanmar. The Central Bank of Myanmar's auction rules are available from its website [[www.cbm.gov.mm](http://www.cbm.gov.mm)].

#### 4.9. Settlement date

Settlement for issuance at auction will be on Thursday, two days after the auction.

#### 4.10. Calendar

In consultation with the Central Bank of Myanmar, the Ministry of Planning and Finance publishes a calendar of dates, which shows when Treasury Bonds will be issued.

### 5. FORM, SETTLEMENT, REGISTRATION, TRANSFER

#### 5.1. Form of Bonds

Bonds are issued in a Registered form, having a minimum Face Value of 500,000,000 Kyat and multiples of 10,000,000 Kyat thereafter settled and transferred through the Central Bank of Myanmar's settlement system.

#### 5.2. Registration

The issue of the Bonds will be in scripless or book-entry form and be effected and evidenced by particulars of the Bonds being entered into the Register by the Registrar. The Register is maintained by the Central Bank of Myanmar.

#### 5.3. Registration details

For every holder of Bonds, the following particulars shall be entered into the Register:

- Name and address of the Bondholder;

- Face value of the Bonds held;
- Coupon Interest Rate payable on the Bonds;
- Coupon Interest Payment Dates on the Bonds;
- Maturity Date of the Bonds;
- Any other details that are required from time to time by the Ministry of Planning and Finance;
- Any other details that may be specified from time to time by the Registrar.

The Registrar may correct errors and remedy omissions in the Register.

#### 5.4. Certificates of title

Bondholders may on application to the Registrar be issued with a certificate of title certifying that the Bondholder is the Registered holder of the Face Value of the Bonds as detailed on the certificate.

When errors and omission are being corrected in the Register, the Registrar may call in outstanding certificates of title for that purpose. Corrected certificates of title will then be re-issued to Bondholders if so required.

#### 5.5. Transfers

After initial issuance, the Bonds may be transferred to other persons in parcels having a minimum Face Value of 10,000,000 Kyat and multiples of 10,000,000 Kyat thereafter.

The Registrar will transfer Bonds as per instructions in the Rules / Guidelines for Central Securities Depository (CBM-NET CSD) issued by the Central Bank of Myanmar. The trading system, Central Bank of Myanmar Financial Network System (CBM-NET), will be used for the transfer of funds and the custody and settlement of the Bonds on a Delivery versus Payment (DvP) basis.

If Certificates of Title have been issued, they must be accompanied by the Transfer Form available from the Registrar. The Registrar may make inquiries, as deemed necessary, to ensure the authenticity of the transfer and the authority of the signatories to the Transfer Form to act.



## 6. MATURITY OF BONDS

### 6.1. Record date

The Record Date is five Banking Days before the Maturity Date of a Bond.

### 6.2. Maturity payment

On the maturity date, holders of the Bonds as at the Record Date will be paid the face value of the Bonds they hold.

If the maturity date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

Bonds are not repayable before the Maturity Date.

The Ministry of Planning and Finance reserves the right to repurchase Bonds prior to their Maturity Date.

## 7. GLOSSARY OF TERMS

For the purposes of this Offering Memorandum, the following definitions apply.

Banking Day	A day not being a Saturday or Sunday on which Registered Banks are open for general banking business in the city of Yangon, Myanmar.
Bonds	Means Myanmar Government Treasury Bonds issued pursuant to this Offering Memorandum.
Bondholder	In respect of any Bond, the person whose name appears from time to time entered in the Register is the holder of the Bond.
Coupon Interest	The amount paid or due to be paid on a Bond on the Coupon Interest Payment Date.
Coupon Interest Payment Dates	The date or dates on which Coupon Interest is to be paid on the Bonds as specified by the Issuer when a Bond is first issued, and includes the Maturity Date.
Coupon Interest Rate	The interest rate payable in respect of the Bonds expressed as a percentage per annum.
Cum-Coupon Interest Basis	Cum-coupon bonds require the buyer to pay the seller the accrued interest on the bond, and the buyer is then entitled to the next coupon.
Ex-Coupon Interest Basis	A bond that is ex coupon is sold or bought with the knowledge that the buyer will not receive the next coupon payment from the bond. The lack of interest payments should be taken into account when purchasing the bond and discounted accordingly.
Face Value	The par value (the stated value) amount of a Bond and on which the Coupon Interest is calculated.
Kyat	The currency of Myanmar.
Maturity Date	The date as specified by the Issuer when a Bond is first issued on which the Bond will be repaid at its Face Value.
Myanmar	The Republic of the Union of Myanmar.

Person	Is not limited to individuals, but includes incorporated entities, firms, partnerships any state or government or agency thereof.
Public Holidays	Are days designated by the Ministry of Foreign Affairs as official non-working public holidays in Myanmar, and are not banking days.
Record Date	Five Banking Days before the relevant Coupon Interest Payment Date or five Banking Days before the Maturity Date or, if any such day is not a Banking Day, the preceding Banking Day.
Registered Bank	Has the meaning in the Financial Institutions of Myanmar Law (1990).
Settlement Date	The value date for transfer of ownership or Coupon Interest Payment or Maturity Date.
Yield	The rate of return on the Bonds expressed as an annual percentage.