

Bokolo Bill Description and Information



Bokolo Bill Description

Bokolo bills are Central Bank backed securities denominated in Solomon Island Dollars. Bokolo bills are issued in exchange for cash via tender. Bokolo bills are sold at discount to face value and carry no coupon.

Issuer

Bokolo bills are issued and administered by the Central Bank of Solomon Islands (CBSI). The Central Bank is permitted to issue such instruments under section 37(k) of the Central Bank of Solomon Islands Act (Cap 49).

All money payable on Bokolo bills constitutes a debt to the holder of the Bokolo bill by the CBSI and is unsecured. The Solomon Islands Government has no liability in respect to Bokolo bills.

Fees

No fees or charges are levied by the Central Bank with regards to the purchase, administration or repayment of Central Bank Bokolo bills.

Registration

In order to buy Bokolo bills, interested parties must be registered as a tender counterparty by the Central Bank **[please refer to the document *'Domestic Market Operations: Operational Guidelines'* found on the Central Bank website for the issuance and auction guidelines used by the CBSI and relevant forms for registration]**.

Registration must have occurred at least 5 working days before a tender counterparty is eligible to participate in a tender.

Announcement

The CBSI will announce details of upcoming tenders 24 hours before the auction takes place, through a notice at the Central Bank and on the CBSI website (www.cbsi.com.sb). Tender details will include; the target volume of bills to be sold, the tenor of the bills offered, the opening and closing time of the bidding window and the settlement date for payment of bills.



Tendering Process

Bids must be submitted by a registered tender counterparty to the CBSI either in person or by email to a CBSI tender officer **[Contact details for tender officers are listed at the end of this document]**.

Each bid must be over the minimum requirement of \$10,000 (principal) and in multiples of \$5,000 (principal) thereafter. Bids not submitted in multiples of \$5,000 will be truncated, so a bid of \$23,000 will be truncated to \$20,000.

Each bid must state yield as a percentage per annum with this figure to two decimal places. Yields presented beyond two decimal places will see numbers beyond the second decimal truncated, so that a bid of 0.259 will be truncated to 0.25.

Pricing Formula

Bokolo bills are sold using a standard pricing formula for instruments with a single payment on maturity so that;

$$P = \frac{100}{1 + \left(\frac{f}{365}\right) i}$$

Where:

P = price per 100 dollar face value

f = tenor of the instrument (days)

i = the annual percentage yield tendered

Successful Issuance Allocation

Allocation of bids will occur in ascending order of yields of bids. If the number of bids at the maximum accepted yield exceeds the available amount on offer, CBSI may either;

- a) As far as practical, allocate remaining bills between successful applicants on a pro-rata basis in relation to the amount bid;
- b) Decrease the amount on offer so that no bids are successful at that yield, or;
- c) Increase the amount on offer so all bids are successful at that yield.

Transfer of Bills

By request, any holder of Bokolo bills may transfer held bills to another person registered as a tender counterparty with the CBSI. Requests to transfer bills must be submitted to a CBSI tender officer in person or by email **[Contact details for tender officers are listed at the end of this document]**.



Transfers will be a minimum of \$10,000 and in multiples of \$5,000 thereafter. No requests to transfer will be accepted on the date of maturity of Bokolo bills.

Repayment

The CBSI will pay the face value of the bill to the holder on the day the Bokolo bill matures. Payments will be made on the date of maturity, unless this date is not a business day, in which case payment will be made on the next business day without the payment of additional interest. Bokolo bills are not repayable prior to the maturity date.

Bokolo bills will be paid on the date of maturity by crediting any domestic bank account specified by the registered counterparty.

CBSI Tender Officers

Tender Officer: Doreen Monogari – dlai@cbsi.com.sb

Tender Officer: John Mark Na'amana: jnaamana@yahoo.com.au

