



SOLOMON ISLANDS GOVERNMENT

TREASURY BILLS PROSPECTUS

17th February 2010

TREASURY BILLS PROSPECTUS

1. DESCRIPTION

Treasury Bills are issued by tender under the authority of the Government Loans and Security Act, CAP 119 of the Revised Laws of the Solomon Islands.

Treasury Bills are a short-term discount security denominated in Solomon Bokolo dollars and redeemable at face value on maturity. The issuer is the Solomon Islands Government.

The Central Bank of the Solomon Islands is the Government's agent responsible for the management and administration of Treasury Bills in accordance with Section 24(2) of the Government Loans and Security Act, CAP 119 of the Revised Laws of the Solomon Islands.

2. ISSUE

Issues of Treasury Bills will be made at a discount and may be offered over a range of maturities from 28 days to a maximum period of 1 year.

The total amount authorized to be issued and remain outstanding at any one time under this prospectus is one hundred million Solomon Bokolo Dollars (SBD \$100,000,000).

The Minister for Finance may from time to time instruct the Central Bank of Solomon Islands in writing to restrict issuance in accordance with an operational cap or prescribed limit that is less than SBD \$100,000,000. Where such instructions have been issued, these will be publicly disclosed.

3. TENDERS

Invitation to tender for Treasury Bills will be made by announcement on the Central Bank of Solomon Islands website or other suitable public media. Each invitation to tender will include details of:

- a. The amount offered and maturity terms of Treasury Bills offered;
- b. The date and closing time of tender;
- c. Settlement arrangements.

All invitations to the tender and all tenders for Treasury Bills shall be made in terms of and pursuant to this prospectus or any prospectus issued by the Solomon Islands Government in substitution of this prospectus.

Bids for Treasury Bills will be received on a competitive and non-competitive tender basis.

- Competitive tenders will be received with a minimum and multiples of SDB\$10,000 (face value). Each tender must be submitted on a percentage yield per annum basis and must be expressed to the second decimal place (e.g. 5.17%, 4.05%, 3.51%). Decimal points beyond two places will be disregarded. Each tender must be for one rate and made on the form attached to the prospectus. Any number of tenders may be submitted for each maturity.
- Non competitive tenders will be received with a minimum and multiples of SBD \$10,000 (face value) up to a maximum of SBD\$50,000 for each maturity tendered. There will be only one tender for one maturity per bidder. These tenders will be accepted at the weighted

average yield (WAY) of the competitive accepted tenders at the tendered maturity.

Sealed tenders for Treasury Bills (on the form provided) must be lodged at the Central Bank of Solomon Islands, and placed in the special tender box at the Banking counter between the hours of 9:00am – 11:00 am on **Tuesdays** and 9:00am – 4:30pm on other ordinary working days. Once placed, a tender cannot be retracted or changed.

4. ALLOTMENT

Allotments of Treasury Bills will be made by the Central Bank of Solomon Islands within the limits prescribed by the Minister of Finance.

For competitive tenders, allotments will be made in ascending order of yield bid, that is, from the lowest yield bid to the highest yield accepted. Allotments will be made at the yields bid. Non-competitive tender bids will be accepted at the weighted average yield of the competitive accepted bids.

The Central Bank of Solomon Islands reserves the right to accept any bid for the full amount of a tender or any part thereof and to reject any bid or part thereof. The Central Bank of Solomon Islands also reserves the right to accept tenders in excess of or below the amount on offer in the invitation to tender (but not exceeding the prescribed limit).

Notice of acceptance or rejection of a bid or any part thereof will be made available to each bidder as soon as possible after allotment.

5. SETTLEMENT

The settlement price shall be calculated on the basis of the following formula:

$$\text{Price} = \frac{\text{Amount tendered. (face value)}}{1 + (i \times n/365)}$$

Where i = annual percentage yield tendered;

n = number of days from the date of settlement to the maturity date.

Payment for Treasury Bills allotted must be made by cheque drawn on the Central Bank of Solomon Islands or any other commercial bank in the Solomon Islands, before 11:00am on the first business day after allotment.

Treasury Bills certificates will be available for collection at the Central Bank of Solomon Islands within two business of allotment.

6. REDEMPTION

Treasury Bills will be redeemed on the due date for their face value on presentation of the Bill Certificate to the Currency and Banking Operations Department, Central Bank of Solomon Islands, Honiara. If maturing on a weekend or statutory holiday then the Treasury Bills are payable on the next business day.

The Central Bank of Solomon Islands will effect the repayment of the face value of maturing Treasury Bills by cheque or by direct credit to a Solomon Island Dollar denominated bank account with a financial institution registered in the Solomon Islands. Instructions for the repayment of the face value of maturing Treasury Bills should be lodged with the Central Bank of Solomon Islands no later than three business days prior to the maturity date.

7. TRANSFER OF TREASURY BILLS

Treasury Bills will be issued to order or bearer as specified in the tender form.

Transfer of Treasury Bills can be made in multiples of SBD\$10,000 minimum either by endorsement (for certificate issued to order) or delivery (for bearer certificates).

Treasury Bills may be presented to the Central Bank of Solomon Islands for reissue in smaller amounts totaling the original amount and on the original terms.

8. REDISCOUNTING

The Central Bank of Solomon Islands may provide rediscount facilities for Treasury Bills at a rate of discount which it will announce from time to time.

9. GENERAL

Treasury Bills are an authorized investment for trustees in the Solomon Islands.

The principal money represented by Treasury Bills issued under the Government Loans and Security Act, CAP 119 of the Revised Laws of the Solomon Islands are a charge on the Consolidated Fund of the Solomon Islands Government.

A handwritten signature in black ink, appearing to read 'Snyder Rini', is written over a horizontal line. The signature is stylized with a large loop at the end.

Hon. Snyder Rini
Minister for Finance and Treasury

17th February 2010.