

L.N. 59 of 2007

**MALTA TREASURY BILLS ACT
(CAP.133)**

Malta Treasury Bills (Dematerialisation) Regulations, 2007

IN exercise of the powers conferred by article 12 of the Malta Treasury Bills Act, the Prime Minister and Minister of Finance has made the following regulations:

Short title and
commencement.

1. (1) The title of these regulations is the Malta Treasury Bills (Dematerialisation) Regulations, 2007.

(2) These regulations shall come into force on the appointed dematerialisation date as established by the Minister responsible for Finance by notice in the Gazette.

Interpretation.

2. In these regulations:

Cap. 160.

“Accountant General” refers to the office as established by the Accountant General Ordinance;

“appointed dematerialisation date” means the appointed date when Treasury bills are registered on the Central Securities Depository. The Minister shall, by notice in the Gazette, give notification of such appointed dematerialisation date;

“authorised intermediary” means an investment firm authorised by the competent authority, or by a foreign authority to provide services referred to in Section (1)(b) and (2) of the Annex to the European Council Directive 93/22/EEC of the 10 May 1993 within the meaning of Article 15 of the Directive;

“business day” means any day which is not a Saturday and Sunday or a public holiday, when the securities market in Malta is closed as shall be notified by the Exchange from time to time;

“Central Securities Depository” has the same meaning as assigned to it by article 2 of the Financial Markets Act;

Cap. 345.

“competent authority” means the person or body appointed by the Minister to carry out the functions of competent authority under the Financial Markets Act;

“cut-off price or rate” means the minimum price or maximum rate set by the Accountant General at which bids are accepted;

“Exchange” means the Malta Stock Exchange established under article 24 of the Financial Markets Act;

“recognised investment exchange” means a person in respect of whom the Competent Authority has issued a recognition order in terms of the Financial Markets Act;

“Treasury bills” means dematerialised securities with a maturity not exceeding twelve months from the date of the bill.

3. (1) Treasury bills are registered on the Central Securities Depository. Registration on a Central Securities Depository.

(2) The Accountant General may, at his discretion, list on a recognised investment exchange such Treasury bills. Listing of Treasury bills

4. (1) Treasury bill tranches are identified by the issue date and the respective maturity date. Identification.

(2) The Central Securities Depository shall assign an International Security Identification (ISIN) Code to each Treasury bill tranche.

5. (1) An indicative issuance calendar of Treasury bills shall be published on a monthly basis in the Gazette and by such other means as may be determined by the Accountant General. Issuance calendar.

(2) The calendar shall list the maturities of the Treasury bill tranches to be issued during the following month, the date of the auction and any such other information as may be determined by the Accountant General.

6. The Accountant General shall determine the nominal amount of Treasury bills to be issued in the periodic auctions, as well as the term and mode of issue of such Treasury bills, in accordance with such authorisation as may be issued from time to time by the Minister. Authority to issue bills.

7. (1) Treasury bills may be issued: Modes of issue.

(a) at a fixed price or fixed rate of discount, or

(b) by a competitive auction after an invitation to bid, or

(c) by a non-competitive auction.

(2) Treasury bill auctions are held on a weekly basis or as may otherwise be determined by the Accountant General.

(3) When Treasury bills are issued at a fixed price or fixed rate of discount, such price or rate shall be fixed by the Accountant General.

Standard tenders.

(4) Save as provided in sub-regulation (5) of this regulation, the Accountant General shall invite applications or tenders for Treasury bills by giving notice in the Gazette not less than three business days prior to the final date on which applications or tenders will be received by the Accountant General. Such notice shall specify the date of the auction, the deadline for submission of bids, the period for which the bills are to be issued, the settlement date and the mode of payment of bills.

Special tenders.

(5) Notwithstanding the provisions of sub-regulation 4 of this regulation, the Accountant General reserves the right to invite a select group of institutional investors to participate in special tenders whereby such investors will be requested to submit their bids within such number of hours as may be stipulated in the invitation. These special tenders shall be settled on the day of the tender or on such other day as may be set by the Accountant General in the invitation to bid.

Computation of interest.

8. (1) Treasury bills are zero coupon securities and are issued at a discount with the interest being deducted from their nominal value.

(2) The computation of discount or interest shall be in accordance with such methodology as shall be notified to the market by the Accountant General from time to time.

Minimum size of bids.

9. (1) The minimum amount of the bids tendered shall be such amount as may be determined by the Accountant General from time to time.

(2) The Accountant General reserves the right to set a different minimum amount of bids for different maturities.

Bidding.

10. (1) Bids shall be made on the prescribed application form, by fax on a number registered with and recognised by the Treasury, by e-mail or by such other means as may be determined by the Accountant General.

(2) Separate applications or tenders shall be made for bids at different prices or rates as applicable.

(3) Only bids which reach the Treasury by the prescribed time on the tender date will be accepted.

(4) Only offers with a definite price or rate, as applicable, will be considered.

(5) The Accountant General shall not be bound to accept any applications unless payment in respect of the application is made as may be specified on the form of application.

11. (1) In the case of a competitive auction, placements shall be made in accordance with a system whereby bids are sorted in ascending order of rates or descending order of prices, whichever is applicable. Form of Allotment.

(2) The Accountant General reserves the right to determine a cut-off rate or price, as applicable, on the basis of the bids received. Applications at a rate equal or lower than such cut-off rate (or at a price equal or higher than such cut-off price) shall be satisfied in full, unless the total amount of such bids exceeds the amount which the Treasury has decided to issue. In the latter case, bids at the cut-off price or rate, as applicable, shall be allotted on a pro-rata basis. All accepted bidders shall pay the bidding price or the price as calculated from each respective rate as specified in their bids.

(3) The Accountant General reserves the right to reject all bids without assigning any reason therefore.

12. (1) Upon acceptance, the successful and unsuccessful bidders shall be notified of their allotment or rejections by not later than the following business day. Acceptance.

13. (1) Settlement of the amount allotted to each successful bidder shall take place not more than three business days after the auction date as may be determined by the Accountant General. Settlement.

(2) Payment and settlement shall be made on the date on which the relative Bills are dated, by not later than such time and in accordance with such procedures as the Accountant General may determine. The value date of the payment instrument shall be the issue date of the Treasury bill.

(3) When the date of the auction or settlement falls on a public holiday, such auction and relative settlement shall take place on the first business day immediately before.

Redemption.

14. (1) Bills are redeemed at nominal value upon maturity.

Payment of bills
upon maturity.

(2) The principal sum of matured bills shall be payable to the registered holder as appearing in the Central Securities Depository on the maturity date specified in the bills by crediting directly a bank account as may be specified by the respective holder.

(3) Treasury bills maturing on a public holiday shall be redeemed one business day before their maturity date.

Buy-back
arrangements.

15. The Accountant General may, at his discretion, redeem bills on a date prior to maturity through buy-back arrangements on such terms as may be negotiated on a voluntary basis between the Treasury and the respective Treasury bill holders. The Accountant General reserves the right to determine whether such buy-back arrangements are to be offered to all Treasury bill holders through a public announcement or selectively on a bilateral basis.

Secondary market
trading.

16. (1) Transactions in Treasury bills in the secondary market shall be subject to the rules of the recognised investment Exchange where they are admitted to listing and trading.

(2) Settlement of secondary market transactions in Treasury bills shall be effected in accordance with the prevailing clearing and settlement rules of the recognised investment Exchange where the Treasury bills are admitted to listing and trading.