

EXPANDED AUCTION SYSTEM FOR TREASURY BILLS AND OTHER GOVERNMENT SECURITIES

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A recent review of the procedures and processes of the expanded auction system for Treasury Bills and other government securities disclosed that some provisions of existing rules have not been duly complied with.

In order to maintain the integrity of the auction mechanism for government securities particularly Treasury Bills and facilitate the conduct of the auction process, all concerned are enjoined to observe strictly the pertinent provisions of Ministry (Department) of Finance Order No. 23-86 dated September 17, 1986, as amended, concerning submission of tenders, as quoted hereunder:

Section 6. "Tenders: Submission Through the Central Bank of the Philippines. — Tenders in response to any such public notice shall be received only at the Government Securities Department, Central Bank of the Philippines, and unless received on or before the time fixed for closing, shall be disregarded. Each tender shall be for an amount of not less than P5 million (maturity value)[*] for non-dealers and P10 million for dealers. In the case of com-petitive tenders, the price or prices offered by the bidder for the amount or amounts (at maturity value) applied for shall be stated and shall be expressed on the basis of 100, with not more than three decimals, e.g., 98-925. Fractions may not be used. Tenders shall be submitted on the printed form prescribed and forwarded duly sealed in a special envelope which shall be supplied upon application to the Government Securities Department, Central Bank of the Philippines. If a special envelope is not available, the inscription "Tenders for Treasury Bills" may be placed on the envelope used." (Emphasis supplied)

Section 8(a). "Tenders: Receipt and Processing of Tenders. — Tenders in the form prescribed under Section 6 above, shall be submitted to the Office of the Director, Government Securities Department, Central Bank of the Philippines, prior to the time of the deadline fixed under Section 5 above, for the receipt of tenders. Immediately upon receipt, the tenders shall be stamped with the time date clock and tenders received after the closing hour shall be unacceptable.

x x x " (Underscoring supplied)

Likewise, all concerned are further enjoined to observe strictly the following additional guidelines in the submission of tenders:

1. Each tender envelope submitted shall contain only tenders for the same maturity. Thus, in case a dealer or investor submits tenders for the three offered tenors, three (3) and not one sealed tender envelopes should be submitted.
2. For proper accounting of all submitted tenders, each tender envelope submitted should indicate the number of tender forms enclosed inside the envelope and this fact shall be indicated in the Register Book.

Non-compliance herewith will constitute a basis for non-validation of submitted tenders or rejection thereof as may be determined by the Auction Committee.

Adopted: 16 Mar. 1992

(SGD.) EDGARDO P. ZIALCITA

Deputy Governor
Domestic Operations & Research Sectors
(Vice-Chairman, Auction Committee)

[*] To be reduced from P5 million to P1 million for non-dealers for fifteen (15) days after publication of Finance Dept. Order No. 25-92 incorporating such reduction as authorized under M.B. Res No. 219,s. 1992.

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