



# WAEMU GOVERNMENT SECURITIES MARKET

Marché des Titres Publics  
Animé par l'Agence UMOA-Titres



maxafrica



**UMOA-Titres**

Bâtir un Marché intégré des Titres Publics

[www.umoatitres.org](http://www.umoatitres.org)

Av, Abdoulaye FADIGA • BP : 4709 Dakar RP-Sénégal  
Tél : +221 839 10 10 • Fax : +221 33 839 45 57  
E-mail : [agenceumoatitres@umoatitres.org](mailto:agenceumoatitres@umoatitres.org)



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# What is the government securities market ?

The Government securities market is the unique local market, by tender, exclusively dedicated to the financing of the WAMU Member States. These sovereign issuers seek, through appropriate procedures, the issuance of Government securities by specific actors, either for their own account or for that of third parties. It is organized by Agence UMOA-Titres.

## The stakeholders

### 1. Issuers

The securities market issuers are eight (8) Member States of the West African Monetary Union (WAMU) sharing a common currency: African Financial Community Franc (FCFA). They are : **Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.**

### 2. Primary Dealers

The Member States Public Treasuries worked in collaboration with Agence UMOA-Titres to set up Primary Dealers.

Primary Dealers are credit institutions and brokerage firms approved as privileged partners (but non-exclusive) of one or more States with specific obligations on Government securities market-related operations. In exchange, they enjoy some exclusive benefits.

The list of Primary Dealers, is available on our website **[www.umoatitres.org](http://www.umoatitres.org)**

### 3. Market intermediaries

To date, they are **all the banks licensed by the Central Bank in the Union.** Unlike Primary Dealers, they have no obligations or specific benefits, but any bid on Government securities market has to be done through these institutions, whether or not they have the additional status of Primary Dealers.

### 4. Other investors

The Government securities market is accessible to any natural or legal person, regardless of their profile, wishing to acquire sovereign securities. They include insurance companies, mutual funds companies, pension funds, foreign investors, large companies, SMEs, co-operatives or individuals (general public).

However, the investor, regardless of the territory in which he is based, is required to subscribe to public securities (Treasury bonds and bills) through a banking institution chartered by the Central Bank.



# Government securities market products

## Fungible Treasury Bills (T-Bills)

The Fungible\* Treasury Bills are government short-term debt securities issued by way of invitation to tender.

[Learn more](#)



## Fungible Treasury Bonds (T-Bonds)

The Fungible\* Treasury Bonds are government medium to long-term debt securities issued by way of invitation to tender.

[Learn more](#)



## Synthetic Bond

The Synthetic Bond (SB) is defined as a structured product consisting of several instruments for bullet redemption. In other words, it's a basket of securities (T-Bills and/or T-Bonds). Securities are selected from the standard points of the yield curve. The amount borrowed by the State is split between the securities that make up the basket in proportions defined for each security. Thus, the amount sought by the State on each security is function of a coefficient expressed as a percentage of the total amount of the loan.

[Learn more](#)



\*A fungible security can be issued, the first time, in form of a fixed size then subsequent issues are matched. Every new security issued is attached to the previous with the same characteristics (nominal unit, maturity date, basis for interest calculation). Only rates and issuance dates change. Fungibility increases the size of securities, and facilitates liquidity of securities thereby helping to boost trade in the secondary market.

# The auction paths

## Open tender or targeted tender

Auction is an acquisition technique of movable and real property assets through a bidding system. In finance, it is an issuance technique of bills and bonds. Auction is regularly held by States to invest their Treasury bills and bonds. The beneficiary bidder of all or part of the award is called the awardee.

As part of Treasury bills and bonds issuance, WAMU Member States use two types of tenders:

- **Open tender**

Through this means, all direct participants bid part of the security put out to tender by the issuer.

Direct participants to date are credit institutions, brokerage firms and regional financial institutions with a settlement account in the books of the Central Bank (article 3 of the Regulation n ° 06/2013/CM/UEMOA).

Other investors, individuals or companies can subscribe through credit institutions and brokerage firms within WAEMU.

- **Targeted tender**

States may decide to hold part of their issuance through targeted auctions.

These issues are restricted only to Primary Dealers of the issuing State in respect of the benefits granted to them. The day of the targeted tender, only Primary Dealers are allowed to bid directly for the security.

Any investor who wishes to acquire the security put out to tender can subscribe through the Primary Dealer of the issuing State.

## Simultaneous Issuance

The simultaneous issuance of Government securities by auction consists of offering several public securities of distinct characteristics (bills and/or bonds) in the following way :

- o the same day on the same issue ;
- o by the same issuer ;
- o in a single operation which aims to raise a single amount on the market.

Thus, on preference basis, investors place their bids on such or such other securities, the day of simultaneous auction, without any restriction. Bidding rules on a simultaneous issue (several securities of distinct characteristics) are identical to those of a classic issuance of a single security.

The number of securities issued as part of a simultaneous issuance is a maximum of 3 in practice.





# The Partners

## WAMU ZONE



## Others partners



## The benefits

- A Central Bank common to the eight (8) Member States
- A single market comprising eight issuers with different risk levels offering natural diversity and no foreign exchange risk for local investors
- No payment defaults since its creation
- A mechanism put in place by the Central Bank to make up for any shortcomings: the Financial Stability Fund
- Tax-exempted public securities in the country of issue
- Lower transaction costs guaranteed by the tendering process
- An attractive risk / return ratio
- A secondary market in development with the introduction of the Treasury Values Specialists (SVT) and the training of the actors

## How to invest

Government securities auctions are held by Agence UMOA-Titres, in collaboration with BCEAO which plays the role of depository and settlement Bank.

1. The annual issuance calendar is published on AUT website with a quarterly update.
2. Prior to each period, the notice of tender, specific to each issue, is made available on AUT website.n.
3. Investors, regardless of the territory in which they are established, subscribe to the auctions of Treasury bonds and bills through a bank or a brokerage firm of their choice, within the Union.
4. Securities may trade on the secondary market through over-the-counter operations, namely with Primary Dealers.

# 2018 annual program

Provisional Annual Program of Auctions by WAMU Member States in 2018 (Billions of Francs CFA)

	First Quarter – Q1				Second Quarter – Q2				Third Quarter – Q3				Fourth Quarter – Q4				Year 2018						
	T-Bill	T-Bond	Total	Maturing debt*	Net Issues	T-Bill	T-Bond	Total	Maturing debt*	Net Issues	T-Bill	T-Bond	Total	Maturing debt*	Net Issues	T-Bill	T-Bond	Total	Maturing debt*	Net Issues	Total amount to be issued	Total Net maturing debt	Total Net Issues
Benin	40	80	120	68	52	20	45	65	86	-21	60	65	125	128	-3	20	30	50	80	-30	360	362	-2
Burkina Faso	105	60	165	89	76	110	20	130	101	29	85	50	135	147	-12	100	50	150	76	74	580	413	167
Ivory coast	70	105	175	170	5	35	295	330	157	173		140	140	140	0	30	186	216	187	29	861	654	207
Guinea Bissau	6	6	5	5	1	-8	13	5	5	7	7	7	7	7	7	7	7	7	14	-7	25	25	0
Mali	50	100	150	73	77	45	115	160	104	56	40	95	135	37	98	57	45	102	98	4	547	312	235
Niger	70	40	110	72	38	45	50	95	63	32	60	45	105	60	45	40	15	55	80	-25	365	276	89
Senegal	Not available	Not available	159	159	-159	Not available	Not available	Not available	125	-125	Not available	Not available	68	68	-68	Not available	Not available	82	82	-82	433	433	-433
Togo	55	35	90	94	-4	40	40	40	39	1	35	55	90	72	18	20	40	60	42	18	280	247	33
<b>Totaux</b>	<b>396</b>	<b>420</b>	<b>816</b>	<b>730</b>	<b>86</b>	<b>247</b>	<b>578</b>	<b>825</b>	<b>679</b>	<b>146</b>	<b>287</b>	<b>450</b>	<b>737</b>	<b>653</b>	<b>84</b>	<b>274</b>	<b>366</b>	<b>640</b>	<b>659</b>	<b>-19</b>	<b>3018</b>	<b>2721</b>	<b>297</b>

\* Including intra-annual maturities

We want to build, in collaboration with all stakeholders, a regional market of government securities able to play a critical role in the development of WAMU Member States.

Together and from now on, let's build the WAEMU of tomorrow !



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