



UMOA-Titres

Bâtir un Marché intégré des Titres Publics



Marché des Titres Publics
Animé par UMOA-Titres

THE GOVERNMENT

SECURITIES MARKET

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What is the Government Securities Market ?

Government Securities Market : Regional public market for securities issued by auction, dedicated to the financing of member states of the West African Economic and Monetary Union (WAEMU), coordinated by UMOA-Titres.

It is organized around a primary and secondary market, and is open to all categories of investors through market intermediaries.

Government Securities Market Operators

1 Issuers

The Government Securities Market issuers are the eight (8) member states of the WAEMU sharing a common currency: the " Franc de la Communauté Financière Africaine (FCFA)" XOF.



State of Bénin



State of Burkina Faso



State of Côte d'Ivoire



State of Guinea-Bissau



State of Mali



State of Niger



State of Senegal



State of Togo

2 Market Intermediaries

Market Intermediaries are all banks and brokerage firms (SGI) established in the WAEMU zone.

All offers on auction market are submitted through them.

3 Primary Dealers (SVT)

A few market intermediaries (banks and brokerage firms) have the additional status of Primary Dealers (Spécialistes en Valeurs du Trésor - SVT). They are approved as privileged partners of one or several Issuers.

In view of the missions assigned to them (acting as a primary and secondary markets maker, and advisory services, etc.), they enjoy some exclusive advantages.

4 Investors

The Government Securities Market is open to any individual or legal entity, whatever their profil. These may include banks, insurance companies, mutual fund management companies, pension funds, deposit and consignment funds, foreign investors, large corporations, SMEs, cooperatives or private individuals.

5 Our Partners

These entities support market development, in particular by drawing up the regulatory framework, supporting the enhancement of abilities of market actors, and providing technical assistance to governments. Alongside UMOA-Titres, these include key institutions such as BCEAO, BOAD, the WAEMU Commission, AMF-UMOA, the IMF, The World Bank, DC/BR, FSD Africa, FDB, BRVM etc.

Government Securities Market products

- **Fungible Treasury Bills (BAT)**

1

Fungible Treasury Bills * are short-term debt securities.

2

They are negotiable in all WAEMU member states, and have an initial maturity of between seven (7) and seven hundred and twenty-eight (728) days.

3

The remuneration received on the Bills is payable in advance and deducted from the nominal value of the Bills, based on an interest rate expressed as a percentage per annum, on a 360-day basis.

- **Fungible Treasury Bonds (OAT)**

1

Fungible Treasury Bonds (OATs) are medium- and long-term debt securities.

They are negotiable in all WAEMU member states, and have a maturity of over 2 years.

2

3

Bonds periodically pay a fixed rate of interest on their facial value. The interest rate (coupon rate) for each issue is set by the issuer.

• A fungible security is a security that can be issued once for a given size, and then topped up with new issues. Each new tranche of securities issued is attached to the previous tranches and has the same characteristics. Assimilation provides a substantial pool of securities (in terms of size), and promotes securities liquidity, helping to boost trading on the secondary market.

Insurance Modes

- **Open or Targeted Auction**

Auctioning is an issuing technique involving competition of various bidders. Governments regularly use auctions to issue treasury bills and bonds, in order to mobilize resources transparently.

On Government Securities Market, WAEMU countries use two auction methods :

- ◆ **Open auctions** : this means that all authorized brokers (credit institutions and SGIs in the WAEMU zone) can bid on securities put up for auction by the issuer.
Other investors subscribe through their brokers.

- ◆ **Targeted auctions** : governments can carry out part of their issuance programs through targeted auctions.
For these issues, only primary dealers of the issuing country are authorized to submit bids. Any other investor wishing to acquire the auctioned securities may only subscribe through a primary dealer of the issuing country.

Auctions can take the form of single or simultaneous issues.

A simultaneous issue is a combination of several securities issued on the same day, for a global amount and on behalf of the same issuer.

For simultaneous issues, submission and counting rules are identical to those for conventional issues.

Government Securities Market investment benefits

Government securities are a safe, profitable and accessible investment, thanks to the following factors, among others:

- A Central Bank common to the eight (8) member states, acting as central depository
- A single market including eight issuers with various levels of risk, offering investors the possibility of portfolio diversification

- Government securities offer tax breaks for investors resident in the issuing country
- A solid market infrastructure that secures transactions and reassures market stakeholders
- An attractive combination of risk/profit
- A wide range of maturities to match the investor's investment horizon
- Optimization of liquidity, with the possibility of carrying out repurchase agreements or negotiating liquidity contracts with banking intermediaries.
- A growing secondary market with :
 - the introduction of Primary Dealers (SVT)
 - the establishment of a secondary market convention, designed to facilitate trading and execution of transactions based on common rules and methods using a common reference framework
 - setting up a securities listing agreement and platform to provide benchmark yields/prices for Government securities

How To Invest ?

Government securities auctions are organized by UMOA-Titres, in collaboration with BCEAO, which acts as custodian and settlement bank.

<https://www.umoatitres.org/en/english-subscribe-on-the-primary-market/#>

- ① — Open a securities account with an authorized broker
- ② — Regularly follow the annual issuance calendar published on the UT website (www.umoatitres.org) with periodic updates (include a QR code).
- ③ — Consult the invitation to tender posted on the UT website in advance of each issue. Investors who subscribe to our newsletter or Whatsapp mailing list receive a notification.
- ④ — Subscribe to Treasury bill and bond auctions through a market broker of your choice.
- ⑤ — Discover the results of your submissions made available on the UT website and on our various platforms within 24 hours after issue.

In addition to subscriptions on the primary market, Government securities can be acquired on the secondary market via over-the-counter transactions.



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