# PUBLIC NOTICE

## FIFTEEN-YEAR INFLATION-INDEXED GOVERNMENT OF MAURITIUS BONDS

*26 February 2020*

Pursuant to the issuance plan dated 24 December 2019 and in accordance with section 5 of the Public Debt Management Act 2008 and section 57 of the Bank of Mauritius Act 2004, the Bank is pleased to announce the auction of Fifteen-Year Inflation-Indexed Government of Mauritius Bonds maturing on 06 March 2035 through an auction to be held on **Wednesday 04 March 2020**, for a nominal amount of Rs1,500 million for settlement on **Friday 06 March 2020**. The Bonds will be issued at the **weighted accepted** bid margin (in basis points) to all successful bidders.

2. The Fifteen-Year Inflation-Indexed Government of Mauritius Bonds will bear interest payable annually at the **weighted accepted** bid margin plus the 12-month average inflation rate published by Statistics Mauritius as at end-January, every year. Interest on these Bonds will be paid annually, on 06 March of each year, during the currency of the Bonds, to the bank account of the Primary Dealers. An example of the calculation of interest payable on the Bonds is given in paragraph 9.

3. The Bank will receive bids from Primary Dealers for this auction on the same day, i.e **Wednesday 04 March 2020** on a bid margin basis quoted in **basis points** and in multiples of Rs100,000. Primary Dealers may submit, for their own account, up to a maximum of **five bids**, one for each bid margin. The aggregate of all bids submitted should not exceed the tender amount.

4. Primary Dealers may submit their bids **before 10.00 a.m. on Wednesday 04 March 2020.** Bids received after the prescribed time and date will not be considered.

5. The results of the auction will be announced on the same day and successful bidders will be required to effect payment of the cost price of the Bonds through the Mauritius Automated Clearing and Settlement System (MACSS) at latest by **11.00 a.m. on Friday 06 March 2020**. Payment of maturity proceeds and interest accruing on the Bonds by the Bank will also be made through the MACSS.

6. The Bonds will be issued dated **06 March 2020** and will mature and be redeemed at par by the Bank of Mauritius on **06 March 2035.** The Bank may, at its discretion, allow the Bonds to be redeemed or converted into other instruments at market rates prior to maturity.

7. The Bonds will be issued in Book-Entry form and records will be kept at the Bank of Mauritius. The Bonds may be freely traded and are transferable from one investor to another in multiples of Rs50,000.

8. The Bank of Mauritius reserves the right to accept or reject any bid either in full or in part, without assigning any reason in respect thereof.

9. The following formula will be used for the calculation of the annual interest payment to holders of the Bonds:

Interest rate = {y (1+e) +e} x 100 where y is the weighted accepted bid margin (expressed in per cent) and e is the 12-month average inflation rate as at end-January. For example, if the weighted accepted bid margin is 2% and the 12-month average inflation rate is 4% for a given year, interest rate payable to the beneficiary for that year will be equal to 6.08 % per annum, i.e. {2% (1+ 4%) + 4%} x 100.

10. More details on the methodology and pricing of the Inflation-Indexed Bonds are given in Annex 1.

BANK OF MAURITIUS Sir William Newton Street, Port Louis, Mauritius
Telephone: +230 202 3800 Email: communications@bom.mu Website: www.bom.mu

**ANNEX 1**

## Government of Mauritius Inflation-Indexed Bonds

## 1. Key features

- The Bonds will bear interest payable annually at the weighted accepted bid margin plus the 12-month average inflation rate as at end of the reference period specified in the relative prospectus.
- The Bonds will be redeemed at par at maturity.

## 2. Primary Market

- The Inflation-Indexed Bonds will be issued at par by the Bank.
- Bidders will submit bids on a bid margin basis quoted in **basis points** to the nearest whole number, under the terms and conditions specified in the relative prospectus.
- The Bonds will be issued at the **weighted accepted bid margin** and all successful bidders will receive the **same weighted accepted bid margin**.
- Interest will be paid annually on the scheduled interest payment dates.

### Interest Rate Determination Mechanism

- Interest on the Bonds will be payable annually in arrears, at the weighted accepted bid margin plus the 12-month average inflation rate published by Statistics Mauritius for the reference period specified in the prospectus.

  The interest rate applicable will be announced by the Bank on the scheduled interest payment date, and will be determined as follows:
  Interest rate = {y (1+e) +e} x 100 where y is the weighted accepted bid margin (expressed in per cent) and e is the 12-month average inflation rate as at end of reference period. For example, if the weighted accepted bid margin is 2% and the 12-month average inflation rate is 4% for a given year, interest rate to the beneficiary for that year will be equal to 6.08 % per annum, i.e. {2% (1+ 4%) + 4%} x 100}.

### Settlement cycle

- Settlement will be on T+2 basis, i.e. trade date plus two business days.

## 3. Secondary Market Trading

### Pricing Convention

- Yield quoted to 2 decimal places
- Prices quoted to 3 decimal places
- Day count convention: Actual/Actual

### Accrued Interest

- For Bonds traded from issue date to the first interest payment date, the applicable per annum interest rate will be the indicative reference rate announced by the Bank in advance.
  NOTE: This is not the actual per annum interest rate for the first interest payment.

- For Bonds traded after the first interest payment date, the per annum interest rate used in calculating accrued interest will be that of the immediate preceding interest payment date.

Bank of Mauritius
26 February 2020