
Operational modalities for the Deposit Auction

Terms

1. All commercial banks to bid directly to BOU
2. The minimum bid amount is UGX 1.0 billion and incremental values will be UGX 100 million
3. The maturity of the deposits is standardized i.e. 28, 56 and 84 days
4. The deposit facilities will be offered twice a month during non-Treasury bill auction weeks.
5. Pricing will be market determined
6. Deposit facilities can be traded in the inter-bank market.
7. Non-bank CSD holders can purchase the instrument from any commercial bank in the secondary market.
8. Banks can redeem part or the entire deposit before the maturity period.
 - The bank should communicate in writing to the Executive Director Operations stating their intention to break the deposit
 - The application to pre-terminate should be received at the Bank of Uganda by 3.00pm of the business day. This is to allow for processing of the funds before close of the RTGS at 4.00pm
 - If part of the deposit is redeemed, interest for the holding period will be charged at the ruling Bank of Uganda Rediscount Rate at the point of termination.
9. Announcement of tender by the BOU will be made via Refinitiv, email or telephone.
10. BOU will announce the auction a day before the auction date.
11. The public tender announcement message will contain the following information:
 - The reference number of the tender operation
 - The date of the tender operation
 - Tenor/s of the auction
 - The intended operation volume
 - The start date and maturity date of the operation
 - Cut-off time for submission of bids will be as advertised in the public tender announcement.
12. BOU reserves the right to increase or reduce the amount offered for auction and accept or reject any or all applications in part or in whole. BOU reserves the right to accept or reject bids.

13. Commercial banks will submit bids through CSD and in the event that the CSD is unavailable, market players can use Refinitiv dealing, email and telephone.
14. The commercial banks must state in their bids the face value amount and the price per 100 shillings similar to the bids in the regular Treasury bill auctions.
15. The bids received will be listed in descending order of offered price per 100.
 - If, at the lowest price (highest interest rate) level accepted, the aggregate bid amount exceeds the remaining amount to be allotted, the remaining amount is allocated pro rata among the bids according to the ratio of the remaining amount to be allotted to the total bid amount at the cut-off price (marginal interest rate).
 - All successful bids to be filled at a single cut-off price as is the case with Treasury securities.. This would ensure all holders have a uniform starting /reference price to trade in the secondary market.
16. The auction cut-off price of the successful bids will be announced publicly through Refinitiv, email or telephone and successful banks will be informed accordingly.
17. Provisions related to the settlement procedures are defined in the contractual arrangements between BOU and the commercial banks. In addition for the deposit auction instrument;
 - All transactions will be same day value and have same day settlement.
 - BOU will debit the commercial banks direct via RTGS and credit them accordingly at maturity.
 - The payment settlement departments of the commercial banks and BOU will do the confirmation of the transactions immediately after the announcement of auction results.