

BANK OF UGANDA



An opportunity to invest in Uganda
Government Securities

GENERAL PROSPECTUS

FOR

UGANDA GOVERNMENT

TREASURY

BONDS

AGENT: Bank of Uganda

PROSPECTUS

UGANDA GOVERNMENT TREASURY BOND

The Bank of Uganda, as fiscal agent for the Uganda Government issues Treasury bonds every 28 days as per our Issuance Calendar (published on the Bank website).

A. TERMS AND CONDITIONS

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|-----------------------------------|---|
| 1. Auctions: | Every 28 days |
| 2. Amount of Auction Offering | As will be announced in the Invitation to Tender |
| 3. Issuance Tenors | 2 Years, 3 Years, 5 Years, 10 Years , 15 Years and 20 Years |
| 4. Coupon Interest Payments | Semi-annual (every 182 days); coupon dates as announced in Invitation to Tender |
| 5. Listing | Listed in the next week following a bond auction |
| 6. Issuer: | Government of Uganda |
| 7. Issuing and paying agent: | Bank of Uganda |
| 8. Mode of Issuing: | Multiple bid auction |
| 9. Purpose: | Fiscal Policy |
| 10. Auction frequency: | Monthly or as otherwise prescribed by the Bank of Uganda. |
| 11. Pricing: | Quoted per par value or yield to maturity to three decimal places. |
| 12. Registrar: | Bank of Uganda |
| 13. Minimum bid amount: | UGX 100,000= |
| 14. Day count convention: | Actual/364 |
| 15. Tax: | Discount and coupon interest will be subject to withholding tax at prevailing rate |
| 16. Form of issuance: | Only in book entry form |
| 17. Rediscounting: | As per Bank of Uganda Policy |
| 18. Eligibility: | Resident and non-resident investors who have opened up CDS accounts at the Bank of Uganda |
| 19. Defaulters: | Will be suspended from subsequent auctions |
| 20. Right to Accept Applications: | Bank of Uganda reserves the right to allot the application in part or reject in total at its discretion. |
| 21. Nature of Treasury bonds: | Marketable Government securities that constitute liquid assets under the Financial Institutions Act No. 2, 2004 |

B. GENERAL INFORMATION

22. Advantages of Treasury Bonds

- They are transferable and negotiable
- They can be pledged as collateral
- The interest rate paid to investors is competitive, determined by the market

23. Auction Process

- A press release will be issued at least one week before each auction, announcing the auction date, size of issue, coupon rate and other terms and conditions, as per auction issuance calendar
- Investors are invited to complete Form 1, the bid form for either competitive bids (bids in excess of Shs. 200 million which will be priced by the bidders) or non-competitive bids (bids that have a value of 200 million or less which will be awarded at the cut off price of the successful competitive bids).
- All bids *must* be submitted to the Bank of Uganda through any one of the domestic commercial banks licensed and supervised by Bank of Uganda, or any other appointed Primary Dealer in Government Securities.
- Successful bids will be accepted at one single price, the auction's accepted yield, unless specified otherwise in the invitation to tender document.
- The results of the auction will be published in the press, BOU website: <http://www.bou.or.ug>, and shared with commercial banks/ Primary Dealers.

24. Payment and Settlement Procedures

- All successful bids will be settled on a T+1 basis (by 12.00PM unless advised otherwise).
- Primary Dealers will be responsible for settling their own successful bids and the successful bids of non-commercial bank bidders submitted through them.
- Non-Primary Dealer commercial banks will settle their own successful bids.
- If settlement or coupon payment or redemption date falls on a public holiday, payment date shall be the next business day.

25. **The Bank of Uganda reserves the right to re-open already issued bond securities.**

**July 1, 2013
MANAGEMENT**