

GOVERNMENT SECURITIES AS AN EFFECTIVE TOOL OF THE DEVELOPMENT OF THE SECURITIES MARKET

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Legislation

- Budget Code of the Republic of Belarus
- The Law of the Republic of Belarus 231-Z, dated 05 January 2015, **“On the Securities Market”**
- The Resolution of the Council of Ministers of the Republic of Belarus № 722, dated 28 September 2017, **“On Certain Issues of Emission, Circulation and Redemption of Government Bonds of the Republic of Belarus, Placed in the Domestic Financial Market”**
- The Decree of the Ministry of Finance of the Republic of Belarus № 51, dated 11 July 2018, **“On Approval of the Instructions on the Procedure of Issue, Circulation and Redemption of Government Bonds of the Republic of Belarus”**

Recent Updates

Streamlining of Laws and Regulation

- Unification of the Procedures of Placement, Circulation and Redemption of all Types of Government Bonds
- Harmonization of the Terminology and Workflow with Other Financial Instruments

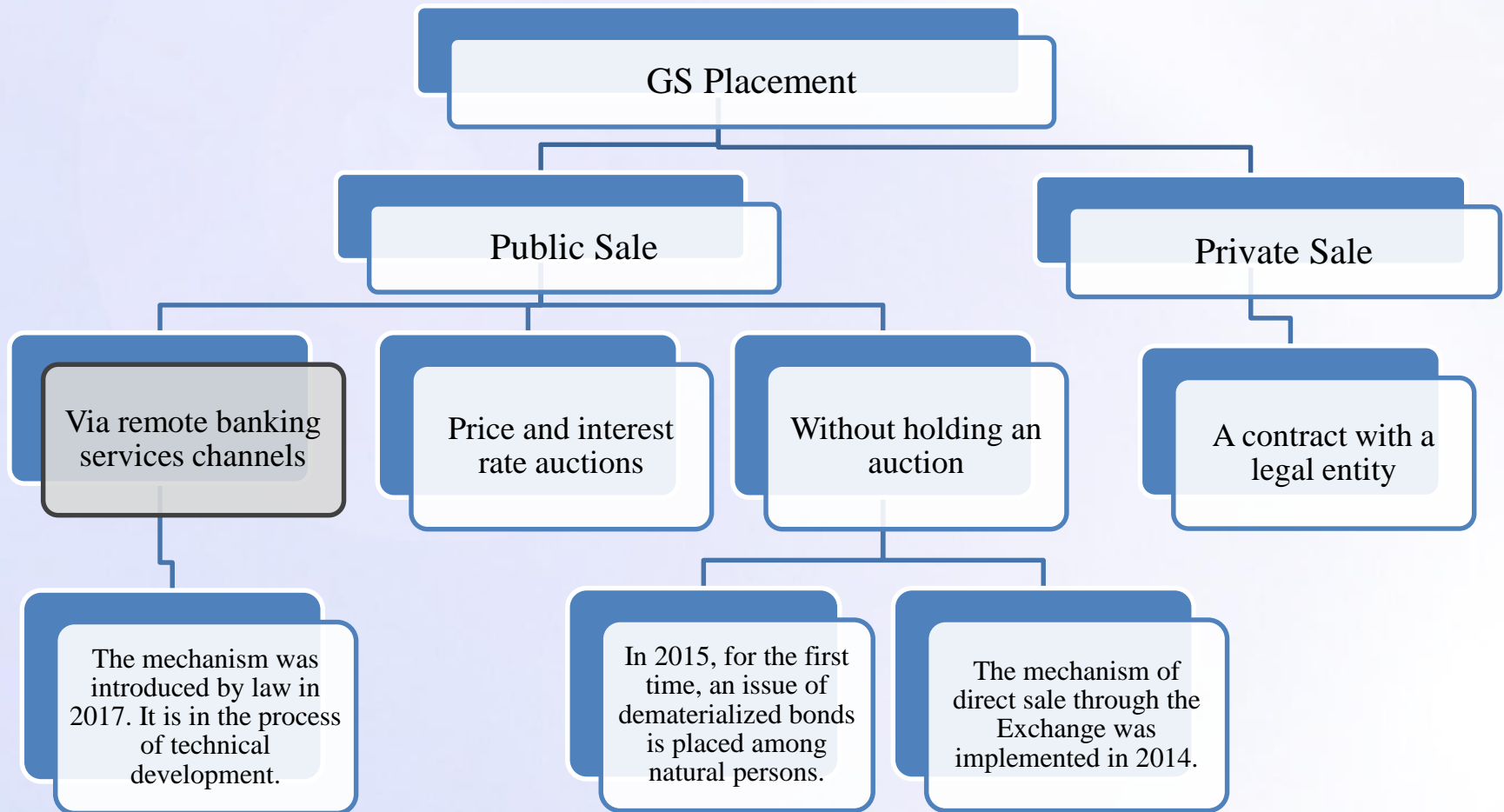
Placement and Circulation

- Implementation of New Ways of Placement
- Admittance of Non-resident Depositories
- Deregulation of Secondary Bonds Circulation

Enhancement of Transparency

- Regular Placement of Information on Issues on the Websites of the Ministry of Finance of The Republic of Belarus and JSC “Belarusian Currency and Stock Exchange”
- Allocation of International Securities Identification Codes to Government Bonds Issues (ISIN, CFI, FISN)
- English Language Version of the Website of the Ministry of Finance of the Republic of Belarus

- **Government Securities (hereinafter referred to as GS)** – bonds issued by the Ministry of Finance on behalf of the Republic of Belarus.
- **The Aims of Borrowing:** financing of the deficit of the Republican budget and refinancing of the public debt.



The Purchase of GS by Non-residents of the Republic of Belarus

1 www.minfin.gov.by

➔ GS placement schedule, parameters

➔ list of Belarusian brokers

2 + nominee account

+ settlement account

3 *The Purchase of GS in the Organized Market*

- fee contract with a Belarusian broker
- application / mandate to a Belarusian broker to purchase GS
- money transfer to a Belarusian broker

The Purchase of GS in the OTC Market

- a sales contract with a Belarusian seller (issuer)
- money transfer to a seller (issuer)
- filing the transaction with a Belarusian broker or depository

The Structure of the Portfolio of the Domestic Government Securities Market

According to the form of emission

- registered (dematerialized)
- bearer (materialized)

79 issues in a dematerialized form for the amount of BYN 8,7 billion (or USD 4,1 billion)

According to the type of the nominal value currency

- in the national currency
- in the foreign currency

- bonds in the foreign currency – 65 issues
- bonds in the national currency – 14 issues

According to maturity term

- long-term (over a year)
- short-term (up to a year incl.)

- government long-term bonds in the foreign currency – 65 issues
- government long-term bonds in the national currency – 14 issues

According to the type of income

- interest rate
 - discount
- └─┬─┘
- fixed rate
 - variable rate

- issues with variable rate – 22 issues
- issues with fixed rate – 56 issues

According to the owner category

- for legal entities and (or) natural persons
- for residents and non-residents

- 78 issues for legal entities
- 38 issues for natural persons

The Advantages of Government Securities

Guarantees

- The Republic of Belarus has unconditional obligations to pay interest income and redeem government bonds.
- Government bonds are fully provided by the republican budget and other property in republican ownership.
- Payments are priority in relation to other payments in the execution of the republican budget.

Preferential Tax Treatment

(exclusively for the bonds on the domestic market)

- Interest income is not subject to taxation.
- Revenues from operations with government bonds are not taken into account when determining gross profit for the purposes of calculating income tax.

No risk

- Placement, redemption (early redemption) of bonds, through the issuance of new bonds inclusive, and payment of income on them are made in the currency in which their nominal value is expressed.

Liquid Market

- Deregulation of secondary bonds circulation.

Plans for the Development of the Securities Market

- ❑ Expansion of the investor base; provision of direct access for foreign investors through foreign / international depositories
- ❑ Ensuring the functioning of remote GS placement channels
- ❑ Increasing the transparency of the issuer's policy, contacts with investors
- ❑ The draft Law of the Republic of Belarus “On the Republican Budget for the Year of 2019” provides for the placement of government bonds of the Republic of Belarus in the domestic financial market for a total amount equivalent to USD 370 million



**THANK YOU FOR YOUR
ATTENTION!**



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