BANK OF SOUTH SUDAN (BSS)

Directorate of Currency & Banking Operations
Financial Markets Department

Date: 8th -Mar -2022

To: Hon. Governor
Bank of South Sudan – Juba

DG operations & Currency

Thru'

Approved
14/3/2022

Director General
Currency & Banking Operations
BSS – Juba

Passed for approval and further directive
8/3
2022

Hon. Governor,

SUB: <u>Approval for Term Deposit Guidelines 2022</u>

Following the consultative Technical Assistance from the bank of Uganda, and having met with managing directors of commercial banks (3rd/march/2022) and held departmental meeting on 7th March 2022, it is deemed that necessary preparations have been put in place for the commencement of the Term Deposit Facility. We, therefore, write to request your esteemed office to approve the Term Deposit Guidelines as attached:

This is passed for your comment and approval.

Yours faithfully,

8.3
2022

Francis Juma Markaz
Front Office Division - FMD

Grace Araba Gordon
Ag/Director Financial Markets

For/the Bank of South Sudan (BSS) – Juba

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Term Deposit Facility Guidelines – March-2022

Overview

The Term Deposit Facility (TDF) is an instrument where commercial banks deposit funds at the Bank of South Sudan (BoSS) and earn an interest rate over the duration of the contract. The TDF will facilitate the conduct of monetary policy by providing a tool that may be used to manage the excess aggregate quantity of reserve balances held by commercial banks. The holdings of the TDF will be ring fenced for liquidity sterilisation purposes and therefore cannot be used to satisfy reserve balance requirements or settle transactions.

Eligible Institutions

An eligible institution to participate in the TDF shall be a commercial bank.

Announcement of the TDF auction

BoSS will announce offerings of term deposits in the print media and on the BoSS website in the week prior to the operation date. The announcement will specify the details of the operation which will include *the date of the operation, opening and closing time of the auction, tenor/s of the auction, interest rate to be paid per tenor, the start date and maturity date of the operation and maximum tender amount* among others.

Auction frequency

The auction will be carried out every after a fortnight (14 days).

Bid Submission

Participating commercial banks may place their bids in the auction box at the reception of the BoSS between opening and closing times on the auction day, as specified in the Invitation to Tender (ITT) document. Institutions will be allowed **one bid per tenor** using the '***Term Deposit Facility Bid Form'*** available on the BoSS website. A commercial bank's total bid amount shall not exceed 10% of the maximum tender amount per tenor announced in the ITT.

Interest Rate and Volume

The BoSS will determine a **fixed rate** which will be applied in the TDF operation. This implies that the commercial banks will bid by volumes they are willing to place at the advised rate per tenor.

Determining Awards

After the closing time of the bid submission (as stipulated in the ITT), the BoSS will review all submitted bids for completeness and compliance with the announcement and the guidelines. The tenders accepted shall not exceed the maximum tender amount announced in the ITT. All tenders that are complete and compliant will be accepted in full or partially in case of over-subscriptions.

Results

Results of the auction will be made available on the BoSS website before close of business on the auction day. The results will be provided in aggregate summary form for all tenors issued.

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Settlement

The settlement will be on the same day of the auction. On settlement day, the SSP account of the commercial banks will be debited by the amount awarded. A commercial bank should ensure that it has placed sufficient funds in its settlement account to cover the debit to avoid failure to settle penalties.

Early Termination

The TDF is offered with an early termination feature that allows an institution to access funds prior to the maturity date, subject to a penalty. The announcement will therefore include *the **early termination penalty rate (ETP)***. The ETP will be the rate used to compute the forfeited interest as a result of early termination. This will be **25%** of the accrued interest from inception to the early termination date. An institution seeking early termination should communicate in writing to the Director General for Currency, Financial Markets and Banking Operations.

Maturity

On the maturity date, the SSP account of the commercial bank will be credited with the proceeds of the maturing term deposit and the interest due. The credit will be posted by midday.

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Invitation to Tender of Term Deposit Facility

The Term Deposit Facility (TDF) is an instrument where commercial banks deposit funds at the Bank of South Sudan (BoSS) and earn an interest rate over the duration of the contract. The TDF will facilitate the conduct of monetary policy by providing a tool that may be used to manage the aggregate quantity of reserve balances held by commercial banks.

Auction Date	**DD _MM_YYYY**		
Settlement Date	**DD _MM_YYYY**		
Offer Amount	**$$$$$$$$$$**		
Bid Submission Time	**9:00 AM**		
Bid Closing Time	**10:00 AM**		
Auction Opening time	**10:15 AM**		
Auction Closing Time	**11:15 AM**		
TDF Tenor	**28_days**	**56_days**	**84_days**
TDF Rate	**1%**	**2.25%**	**3.25%**
Amount Per Tenor	**20%**	**30%**	**50%**
Maturity Date	**DD_MM_YYYY**	**DD_MM_YYYY**	**DD _MM_YYYY**
Maximum Bid Amount Per Tenor Per Bank	**10%**		
Early Termination Penalty(ETP)	**25% (of accrued interest)**		

Bid Submission

All bids should be submitted as specified above.

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Term Deposit Facility Bid Application Form

Bank Name: ________________________________ Date________________

Director General for Currency,

Financial Markets and Banking Operations

Bank of South Sudan

In accordance with the announcement and guidelines of the Term Deposit Facility, I/We hereby tender as indicated below;

Tenor	Volume (SSP)
28_day	
56_day	
84_day	

I/We, by the signatures below, hereby authorise you to debit our clearing account at the Bank of South Sudan on the settlement date for the amount we have tendered or a lesser amount allotted.

(1) ________________________ (2) ________________________

Authorised Signatory **Authorised Signatory**

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Directorate of Currency & Banking Operations
Financial Markets Department

14/3/2022

Moses Makur Deng

Governor Bank of South Sudan

BSS – Juba

GOVERNOR
BANK OF SOUTH SUDAN
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BANK OF SOUTH SUDAN

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