

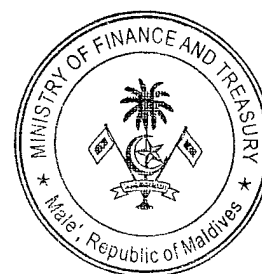
PROSPECTUS FOR TREASURY BILLS AUCTION



ISSUED BY

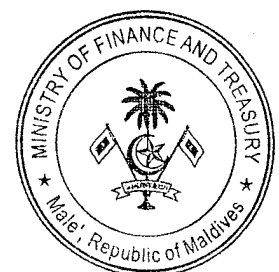
**THE GOVERNMENT OF
THE REPUBLIC OF THE MALDIVES**

23 DECEMBER 2009



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1. GENERAL

1.1. Treasury Bills

Government Treasury bills (hereinafter called 'TBills') are issued by the Government of the Republic of The Maldives (hereinafter called 'the Government') pursuant to Presidential Decree number 2006/123 dated 30 August 2006.

The TBills are issued in terms of this prospectus and the Presidential Decree number 2006/123 dated 30 August 2006, whereby any money payable on such TBills will be a charge upon and payable out of the revenues of the Government.

The TBills are denominated in Rufiyaa, sold at a discount to par and carry no coupon. The TBills are redeemable at par on the maturity date and are issued on an Auction system basis under this prospectus.

The TBills are issued as debt securities to raise funds for the Government's budget financing requirements.

1.2. Issuing Agent

The Maldives Monetary Authority (hereinafter called 'the MMA'), acting as agent for the Government, is authorised to issue TBills to raise the funds to meet the Government's budget financing requirements.

1.3. Paying Agent

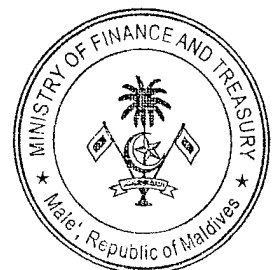
The MMA, acting as agent for the Government is authorized to make payment of monies due on the TBills.

1.4. Registrar

The MMA is the registrar for the TBills and is thereby responsible for the maintenance and operation of the register of ownership of the TBills.

1.5. Form of TBills

TBills are scriptless securities issued in book-entry form and registration of ownership of the TBills is subject to 'Rules for the Operation of the MMA Book-entry System' issued by the MMA and are available on the MMA's website www.mma.mv.



2. DEFINITIONS

2.1. Face Value, Minimum and Multiple Amounts

The Face Value of TBills is Rufiyaa Ten thousand (Rf. 10,000) and all bids must be submitted in minimum and multiples of Fifty (50) TBills.

2.2. Eligible Participants

All Commercial Banks and State Owned Enterprises and their subsidiaries are eligible to participate in the primary issuance of TBills.

Commercial Banks may only bid competitively. The State Owned Enterprises and their subsidiaries can directly bid both competitively and non-competitively.

All eligible participants who submit bids as per the prospectus will be referred hereinafter as 'the bidder'.

2.3. Competitive Bids

All Commercial Banks can submit bids only on a competitive basis whereby, bids are placed in terms of annual percentage yield expressed to two decimal places (hereinafter called 'the discount rate') and specifying the amount of TBills to be purchased.

The State Owned Enterprises and their subsidiaries have the choice to submit bids competitively, whereby, they specify the discount rate and the amount of TBills to be purchased.

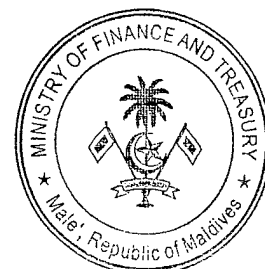
All eligible participants bidding competitively are allowed to submit multiple bids for each security at different discount rates up to a maximum of 3 bids per security.

2.4. Non-Competitive Bids

The State Owned Enterprises and their subsidiaries have the choice to submit bids non-competitively. Where a participant submits bids non-competitively, they only have to specify the amount of TBills to be purchased.

The rate applicable for non-competitive bids would be the weighted average rate of the successful bids for that auction and are allowed to submit 1 bid for each security announced.

A single non-competitive bid has a limit of 5% of the total amount on offer in each auction.



3. AUCTION AND TENDERING PROCEDURE

3.1. General

Auctions of TBills are to be held whenever the Government requires raising funds for the budget financing. The Auctions will be conducted using a multiple price, multiple bid auction format.

3.2. Auction Announcement

The Auction Committee reserves the right to decide the date and frequency with which the auction announcement will take place.

Usually the *Invitation to Tender* will be announced on Wednesdays and if this date falls on a public holiday, it will take place on the previous business day. However, the committee may announce an auction as and when it deems necessary.

Bids must be submitted at the place and within the times stated in the *Invitation to Tender* and placed in accordance with the procedures outlined in this document and the *invitation*.

The invitation will be publicized on the MMA's web page (www.mma.mv) and will contain:

- Auction Date
- Settlement Date
- Maturity Date (or dates)
- Amount Offered

3.3. Applications for TBills

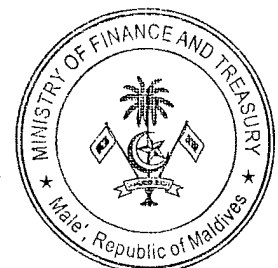
All Applications for TBills auction shall be made on the MMA's official "Tender Form" available on the MMA's web page (www.mma.mv).

Where eligible participants submits a competitive bid, the Tender form should state the discount rate, the amount of TBills to be purchased and signed by authorized personnel of the eligible participant.

Where State Owned Enterprises and their subsidiaries submit a non-competitive bid, it should state the name of the bidder, the amount of TBills to be purchased and signed by authorized personnel of the bidder.

3.4. Opening and Closing time for Tender Form submission

Duly completed Tender Forms bearing the authorized signature and the company seal shall be submitted to the MMA between the opening time of 8:30 am and the closing time of 11.00 am on the Auction Date.



3.5. Acceptance / Rejection of tender forms

The Auction Committee reserves the right to accept or reject any or all bids submitted in an auction. In the event that bids are submitted at the same discount rate in excess of the amount offered, the available quantum will be allocated among such bidders on a 'pro-rata' basis. Accordingly, the bids at the cut off rate maybe partially accepted.

3.6. Allocation

After the closing time of an auction, the TBills amount on offer is reduced by the total amount of non-competitive bids (subject to the single non-competitive bidder limit of 5% of total amount on offer) and the balance of the issue is then allotted to competitive bids from the lowest to highest yields based on the consolidated bid list.

If the amount of successful bids at the highest yield causes the cumulated total of successful bids to exceed the total amount offered, those bids will be pro-rated and rounded to the nearest Fifty (50) TBills in Rufiyaa face value.

However, the Auction Committee reserves the right to change the allotment mechanism as and when it deems necessary.

3.7. Announcement of the Results

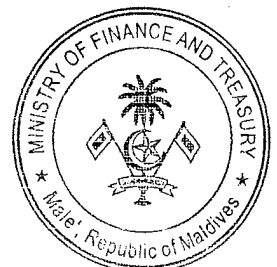
Auction results shall be made available on the MMA's website www.mma.mv at or about 2:30 pm on the Auction day. The result will include;

- The total amount bid;
- Total amount of bids accepted;
- Weighted average rate of accepted bids;
- And the total amount of unsuccessful bids.

Individual result will also be informed to the relevant bidder.

3.8. Irrevocability of Bids

All bids submitted to the MMA as per the prospectus will be irrevocable after closing time.



4. SETTLEMENT OF THE SUCCESSFUL BIDS

4.1. Settlement on issue date

Settlement of successful bids will take place on the issue date, which is one business day following the auction date (T+1).

Commercial Banks with accounts at the MMA shall make payment by debiting their accounts. Commercial Banks are to use their account in the MMA for settlement which must be funded before the bid is submitted.

The settlement of State Owned enterprises and their subsidiaries will be made through a Securities Settlement Account at the MMA. This account should be funded prior to the auction by submitting a guaranteed cheque of the total face value of the bid amount along with the Tender Form. The cheque will be processed for clearing on the settlement date and the unsuccessful bid amount will be re-funded to the respective account of the bidder as per the instructions provided by the bidder.

Failure to fund the account could lead to sanctions, including to suspension from subsequent MMA operations.

Purchase price of TBills must be paid for in full on the issue date.

The Purchase Price for TBills is expressed to two decimal places and is calculated as follows:

$$\text{Purchase Price} = \frac{\text{Face Value}}{1 + (\text{DR} \times \text{Days} / 365)}$$

Where:

Face value; total amount of TBills bidder place for purchase
DR; is the discount rate placed by the bidder on the TBills.
Days; is the number of days from (but not including) the settlement date to (and including) the maturity date of each security.

Following full and final payment by the bidder, the MMA shall allot the TBills to the account of the successful bidder in the MMA's book-entry system.

A statement of participant's holdings in TBills and other relevant reports will be sent after settlement.



4.2. Settlement on Maturity Date

The proceeds of maturing TBills held by the Commercial Banks will be credited to their account held at the MMA on the Maturity Date.

The proceeds of maturing TBills held by the State Owned Enterprises and their subsidiaries will be credited to the respective account as per the instructions provided by the bidder on the Maturity Date.

On maturity, holders of maturing TBills shall be paid the face value (100 percent) of the TBills, which includes purchase price and discount amount.

A statement of participant's holdings in TBills and other relevant reports will be sent after settlement.

5. TRANSFER OF TREASURY BILLS

5.1. Transferability

TBills are negotiable securities and therefore can be transferred between the eligible participants.

5.2. Transfer Amounts

Transfers must be for a minimum of Fifty (50) TBills and in multiples of the same.

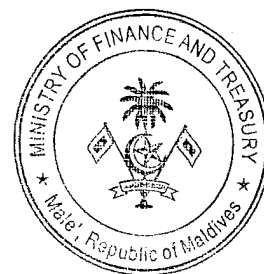
5.3. Transfer Procedures

The procedures for the transfer of the TBills are contained in the MMA's 'Rules for the operation of the MMA book-entry system' published on the MMA's website www.mma.mv.

6. AUCTION COMMITTEE

This committee will confirm the auction results and will comprise of officials, inclusive of the chair, from the Ministry of Finance and Treasury and officials from the Maldives Monetary Authority. An appointed official from Ministry of Finance and Treasury will chair the committee sessions. The Governor and Deputy Governor may participate in the committee sessions as an advisor to the committee. The final decision rests with the Ministry of Finance and Treasury.

The committee will meet on the Auction day to review the auction results; and will have the right to accept value equal to or above or below the amount offered.



7. DIRECTORY

For issuance and settlement information:

Public Debt Section
Maldives Monetary Authority
Majeedhee Building
Boduthakurufaanu Magu
Male 20182
Phone: +960 3310508
Fax: +960 3327035
Email: pds@mma.gov.mv

