

Frequently Asked Questions (FAQ) on Government Securities

1. What is a Government Security (G-Sec)?

A Government Security (G-Sec) is a tradable financial instrument issued by the sovereign government to acknowledge its debt obligation. These securities can be classified into:

- **Short-term securities:** Treasury Bills (T-Bills) with maturities of less than one year.
- **Long-term securities:** Government Bonds (Bangladesh Government Treasury Bonds - BGTBs) with maturities of one year or more.

2. What are the major types of Government Securities in Bangladesh?

The key Government Securities in Bangladesh include:

- **Treasury Bills (T-Bills)**
- **Bangladesh Government Treasury Bonds (BGTBs)**
- **Sanchaypatra**
- **Wage Earners Development Bond**
- **USD Premium Bond**
- **USD Investment Bond**
- **Government Shukuk**

3. What are the main features of Treasury Bills (T-Bills)?

- Available in three tenors: **91-day, 182-day and 364-day**.
- Interest rate/price determined by the market.
- Issued at a discount and redeemed at face value upon maturity.
- Tradable in the secondary market.
- Issued in scripless form.
- Monthly auction calendar released by Bangladesh Bank.

4. What are the main features of Treasury Bonds (BGTBs)?

- Fixed-coupon, risk-free debt instrument.
- Available in maturities of **2, 5, 10, 15 and 20 years**.
- Semi-annual coupon payments with principal repayment at maturity.
- Market-determined yield.
- Tradable in the secondary market.
- Issued in scripless form.

5. How are T-Bills and BGTBs issued?

- **T-Bills:** Auctions are held **weekly (usually on Sundays)**, with bidders quoting prices. The Auction Committee determines the cut-off price.
- **BGTBs:** Auctions occur **weekly (usually on Tuesdays)**. For new issues, bidders quote expected yields, while for reissues, they quote prices.

6. What are the benefits of investing in Treasury Bonds?

- **Risk-free investment** backed by the sovereign government.
- **Attractive interest rates**, determined by market demand.
- **Liquidity** through secondary market trading.
- **Full repatriation** of interest and maturity proceeds for foreign investors.
- **Efficient management** through Bangladesh Bank's Financial Market Infrastructure (FMI) Module.

7. What is Sukuk?

Sukuk is a Shariah-compliant investment instrument representing ownership in assets, projects, or services under Islamic financial principles.

8. Who is eligible to invest in Sukuk?

Both **resident and non-resident individuals and institutions** willing to share in profit or loss can invest in Sukuk.

9. How can non-residents invest in Sukuk?

Non-resident individuals or institutions can invest through a **Non-Resident Foreign Currency Deposit Account (NFCD)** or a **Non-Resident Investor's Taka Account (NITA)** with a Bangladeshi bank.

10. Can non-residents repatriate Sukuk profits and capital?

Yes, profits and maturity proceeds (after deductions) can be repatriated abroad in foreign currency.

11. How are Sukuk profits distributed?

- Profits are paid **semi-annually** as per the prospectus.
- Institutional investors with accounts at Bangladesh Bank receive payments directly.
- Individual investors receive payments through their respective banks.

12. Is Sukuk tradable and tax-exempt?

- Sukuk is **tradable** based on prospectus terms.
- Investment in Sukuk qualifies for a **tax rebate**, though profits are taxable under existing regulations.

13. What is the minimum investment in Sukuk?

- **BDT 10,000**, with additional purchases in multiples of BDT 10,000.

14. Can Sukuk be used as collateral?

Yes, Shariah-based banks can use Sukuk as collateral for **Islamic Bank Liquidity Facility (IBLF)**.

15. Who can participate in Government Securities auctions?

- **Primary Dealers (PDs)** place bids directly.
- Other financial institutions, corporations, insurance companies, provident funds, and individuals can participate through PDs.

16. What is the minimum bid amount in an auction?

- **BDT 100,000 (1 lakh)** and in multiples thereof.

17. Can foreigners invest in Government Securities?

Yes, foreign individuals and institutions can invest in **Bangladesh Government Treasury Bonds (BGTBs)** through the **primary and secondary markets** via PDs or banks. Proceeds and coupon payments can be repatriated after applicable tax deductions.

18. Is premature encashment allowed for G-Secs?

No, premature encashment is **not permitted**. However, investors can sell their holdings in the **secondary market**.

19. How is settlement risk managed?

Government securities transactions are settled via **Delivery versus Payment (DvP)**, ensuring secure and simultaneous transfer of securities and funds.

20. Can Government Securities be used as collateral?

Yes, banks and financial institutions can use G-Secs as **collateral** for borrowing in the **repo market**.

21. Who are the Primary Dealers (PDs) in Bangladesh?

Primary Dealers are financial institutions that underwrite G-Secs in primary auctions. There are currently **24 PDs** in Bangladesh.

22. Can stock market investors invest in Government Securities?

Yes, investors at the **Dhaka Stock Exchange (DSE)** and **Chittagong Stock Exchange (CSE)** can invest in **Government Treasury Bonds** using their BO Accounts.

23. How can an investor transfer G-Secs to the stock exchange?

An investor must submit a **G-Sec Transfer Request Form** to their bank, which will initiate a block request with Bangladesh Bank. Once approved, the securities can be traded on the stock exchange.

24. Is a Business Partner Identification (BPID) mandatory to buy G-Secs from stock exchanges?

No, a BPID is not required to purchase bonds from the stock exchange. However, one will be generated post-trade for settlement purposes.

25. Can securities be transferred back from the stock exchange to Bangladesh Bank's system?

Yes, if the securities remain unsold in the stock exchange, investors can transfer them back to Bangladesh Bank's Electronic System.

26. Are Government Securities purchased via stock exchanges tradable?

Yes, bonds bought through the stock exchange can be traded later.

27. How are coupon and maturity payments made for G-Secs traded on stock exchanges?

Bangladesh Bank credits the investor's bank, which then transfers the appropriate amount to the investor's account.

28. What are the required documents for opening a BPID?

For Individuals:

- Duly filled and signed application form
- NID/Passport
- Photo of applicant
- E-Tin Certificate
- Photo of Nominee(s)
- NID/passport/birth certificate of nominee(s)
- Duly signed approach letter and standing instruction(SI)

For Bank/FIs/Limited Company:

- Application Form
- Bank Account Details/DAB Account Details (for Banks/FIs)
- Certificate of Incorporation
- Certificate of Commencement (if applicable)
- License From the Respective Authority (if applicable)
- Memorandum/Articles of Association
- Board Resolution
- E-Tin Certificate
- Registered Address
- Contact Details of Relevant Personnel
- Photo and NID of the authorized signatory (s)

For Pension/Provident/Gratuity/Mutual Fund

- Application Form

- Bank Account Details
- Registration/Approval Certificate
- Deed of Trust (if applicable)
- Resolution/Meeting Minutes of Board of Trustees
- NBR's certificate (if applicable)
- Contact Details of Authorized Signatory
- Photo and NID of the authorized Signatory (s)

For Sole Proprietorship/ Partnership Business

- Application Form
- Bank Account Details
- Trade License
- Partnership Deed (for Partnership Business)
- E-Tin Certificate
- NID of proprietors/partners
- Contact details of proprietors/partners
- Photo and Information of the Nominee (s) (for SP)
- NID/Passport of the Nominee (s) (for SP)

If you have any further queries, please call +8801700707606 (Md Mahmudur Rahman, First Assistant Vice President, Wealth Management) or +8801712329983 (Enam Ahmed Hasan, First Assistant Vice President, Wealth Management)