



Market Notice

Introduction of Competitive Bidding for Bahamas Registered Stock

As the Bahamas Government and the Central Bank continue to work together to modernize the domestic market for Government securities to align with internationally recognised best practices, the Central Bank has, throughout 2023, issued a series of rules and policy documents to govern market operations for Government securities. Underpinning these market reforms was the introduction of the Central Bank-owned and operated Bahamas Government Securities Depository (BGSD) and the associated rules and guidelines to promote its transparent and orderly functioning. Following launch of the BGSD, the Government shifted the competitive bidding for Treasury bill initial public offerings (IPOs) to the platform, and started to carve out a component for investors wishing to purchase these securities on a non-competitive basis.

The next stage of this development is the introduction of competitive bidding for Bahamas Registered Stock (BRS) IPOs, which would also allow non-competitive participation. In July 2023, the Central Bank released Guidelines for the Issuance of Government Securities, aiming to launch the new bidding process for BRS in October 2023. Since then, it has worked with the investor community and the Government to refine the approach, and has now targeted 2nd January 2024 for the official start of these auctions.

With the pending launch, prospective and existing BRS investors should note the following changes to the BRS issue/auction activities:

1. Effective 2nd January 2024, the Central Bank will introduce competitive bidding for BRS auctions. Investors will be able to purchase bonds during IPOs through both competitive and non-competitive offers.
2. Market participants (institutional investors and broker dealers) will be required to submit **competitive bids** with the BGSD. Those bids (if accepted) will begin the process of building a “true” yield curve in The Bahamas. Market participants can also “take the market price” as given, making **non-competitive** offers or bids for the securities. Limitations apply to both bidding channels, as will be outlined on future prospectuses. However, non-competitive bids, would amount to investors agreeing to pay the average price obtained over all competitive bids accepted by the Government as issuer.

The [Guidelines for the Issuance of Government Securities](#) can be found in the highlighted link on the Central Bank’s website. Further details will be released over time.

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