



AUCTION ANNOUNCEMENT FOR 364-DAYS TREASURY BILL

1. The Central Bank of Kenya issued a press release dated August 5th 2009, informing the public of the introduction of 364 days Treasury Bill in addition to the traditional 91 and 182 days Treasury Bills which the Bank issues on behalf of the Government. The first issue of this maturity dated 17th August 2009 was oversubscribed by 104.58%.
2. The 364 days Treasury Bill is issued after every **two months** to give the holders adequate time to trade. Successive issues are in the second week of the month of issue and auction results published in Daily Nation Newspaper a day after. The results are also made available on the Central Bank of Kenya website.
3. The second issue of the 364 days Treasury Bill will be as follows:

Issue number:	1845/364
Offer amount:	Ksh 8.5bn
Value date:	12 th October 2009
Bids closure:	2.00pm on Wednesday 7 th October 2009
Auction date:	Wednesday 7 th October 2009
Results announcement:	Thursday 8 th October 2009
Payment deadline:	2.00 pm on Monday 12 th October 2009
Maturity date:	11 th October 2010

4. All investors who meet the requirements for investing in Government securities as outlined on the CBK website are **eligible to participate** in the auction at the Central Bank Head Office, or at any of its branches in Mombasa, Kisumu and Eldoret. Application forms are available on www.centralbank.go.ke/securities or collected from any branch of Central Bank of Kenya.
5. This paper is issued at **discounted price**, implying that the investor's return is the difference between face value (par price) and cost (discount price). The return computation is based on 365 Day Count Convention, consistent with 91 and 182 days Treasury Bills pricing. Investors may access the Treasury Bill Pricing Calculator on <http://www.centralbank.go.ke/securities/bills/TreasuryBillsCalculator.aspx> for price computation.

6. The instrument qualifies for secondary market transactions such as transfers, lien creation, and repos (both vertical and horizontal). In addition, the paper is able to trade Over-The-Counter (OTC), initially starting with commercial banks, making it more liquid, thus boosting its demand. However, settlement of both cash and securities will be done at the Central Bank of Kenya. Like other Treasury Bills, the paper is not listed at NSE for trading and therefore will not be subject to Capital Market Authority (CMA) and Nairobi Stock Exchange listing and trading requirements. Investors are advised to refer to the Central Bank Kenya website for rules and guidelines governing OTC trading of government securities.
7. Where the investor wishes to dispose the holdings before maturity, and is unable to trade it in the OTC market, such a security may be rediscounted (bought back) at the Central Bank of Kenya, Head Office, at an out-of-market price. The rediscount price will be set at the prevailing primary market yield or trading yield, whichever is higher plus 3% margin.
8. 364 days Treasury Bills OTC guidelines are available on the Central Bank of Kenya website for information.

For enquiries please contact Monetary Operations & Debt Management Department, Central Bank of Kenya on 2860000 or any Central Bank of Kenya Branch in Mombasa, Kisumu or Eldoret or send an email to NDO@centralbank.go.ke or visit www.centralbank.go.ke.

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Thursday, October 01, 2009