INTRODUCTION
In an effort to develop the domestic market, the Central Bank of Lesotho, on behalf of the Government of Lesotho, continues to undertake reforms that are aimed at deepening the financial market in line with regional developments. The Bank has developed the rules and regulations to guide and inform all investors on the issuance of Lesotho Government Securities.

WHAT ARE TREASURY BILLS?
Treasury Bills (T-Bill) are debt instruments issued by the Government in exchange for lending it money. They are short-term instruments, which mature in less than a year and can be negotiated and traded freely in the market. Treasury bills are primarily intended to mop up/inject liquidity in the economy thereby reducing the inflationary pressure and are sold on a discount basis – (i.e., they are sold originally at a price below their face value, with face value payable at maturity). They are preferred by investors because they are backed by the Government of Lesotho at maturity (i.e., they are risk free investment).

WHAT ARE TREASURY BONDS?
Lesotho Treasury Bonds are these securities offered by Lesotho Government with maturity of more than one year with the longest being 10 years. They are available in tenors that the Government of Lesotho has opened for issuance at a particular time. Bonds are issued at either a discount, par or premium to their face value (meaning that an investor may pay less, equal or more than the par value and if held to maturity receives the par value).

WHAT ARE TREASURY SECURITIES?
Types of Treasury Securities

- **Lesotho Treasury Bills**: These are debt instruments offered by the Government of Lesotho with maturity of more than one year with the longest being 10 years. They are available in tenors that the Government of Lesotho has opened for issuance at a particular time. Bills are issued at either a discount, par or premium to their face value (meaning that an investor may pay less, equal or more than the par value and if held to maturity receives the par value).
- **Lesotho Treasury Bonds**: These are securities offered by Lesotho Government with maturity of more than one year with the longest being 10 years. They are available in tenors that the Government of Lesotho has opened for issuance at a particular time. Bonds are issued at either a discount, par or premium to their face value.
- **Lesotho Government Bonds**: These are securities offered by Lesotho Government with maturity of more than one year with the longest being 10 years. They are available in tenors that the Government of Lesotho has opened for issuance at a particular time. Bonds are issued at either a discount, par or premium to their face value.
- **Treasury Bills/Bonds**: These are securities offered by Lesotho Government with maturity of more than one year with the longest being 10 years. They are available in tenors that the Government of Lesotho has opened for issuance at a particular time. Bills or Bonds are issued at either a discount, par or premium to their face value.
- **Treasury Securities**: These are securities offered by Lesotho Government with maturity of more than one year with the longest being 10 years. They are available in tenors that the Government of Lesotho has opened for issuance at a particular time. Bills or Bonds are issued at either a discount, par or premium to their face value.

ADVANTAGES OF INVESTING IN TREASURY SECURITIES

- They are risk-free investments.
- The rate of return is competitive.
- They can be pledged as collateral.
- They are transferable and negotiable.

APPLICATION TO BID

**Name of the Bidder**
**Amount of Tender**
**Security Type**
**Maturity Period**
**Bid Price**
**Bidder’s Bank and Settlement Account**

All bids must be received by the Central Bank of Lesotho prior to deadlines stated on the auction announcement. Late applications will not be accepted.

SPECIFIC BID REQUIREMENTS

- For all securities, each bid must state the face value.
- All bids must equal or exceed minimum threshold of M5,000. All bids must be in multiples of M100.
- The maximum bid limitation on the non-competitive bids is M99,900 per investor in any issue.
- Separate bid forms should be completed for each tenor e.g. 91, 182, 273 and/or 364 days.

TRADING METHOD

In the auction, bids are invited from individuals, groups and institutions. Such bids are classified into competitive and non-competitive bids.

**COMPETITIVE BIDS**
These are bids that are greater than or equal to M100, 000. They are applications in which a yield rate is specified. Thus, the success of a bidder’s application depends on other competitive bidders’ yield rates. The lower the yield rate the more likely the bid will be successful. Bids must show the amount of tender and yield rate expressed as an annual rate to three decimal places.

**NON-COMPETITIVE BIDS**
These are bids that are less than M100, 000. In this category, bidders are guaranteed allocation and they receive either the weighted average price or cut off price as determined by the accepted competitive bids. Bidders must therefore state only the bid amount without specifying the yield rate.

On the auction date, results for both the successful and unsuccessful bidders are announced at 11:00 a.m. Successful bidders are expected to collect their “Awarded Advice” from the Central Bank of Lesotho and settle on the same day (T+0) of the auction. Settlement and redemption of the securities is done through commercial banks. Thus, payment is not done in the form of cash or banker’s cheques. Investors, who fail to pay for their successful bids, will be suspended for a period of six months from investing in subsequent treasury securities offers.

**TAXATION**

Is there any Tax Payable on Treasury Securities?
Withholding Tax is payable on interest income earned from investment in treasury securities. The rates are 10% and 15% for residents and non-residents respectively. The interest that is earned at maturity or on coupon payments will therefore be net of withholding tax.

**DISINVESTMENT OF TREASURY SECURITIES**
The Central Bank of Lesotho offers a rediscounting facility through which it can buy back the treasury securities provided that 75% of the maturity period has elapsed. However, the treasury securities can be traded amongst investors.

**WHAT HAPPENS UPON MATURITY OF TREASURY SECURITIES?**
Upon maturity, the principal plus interest are deposited into the investor’s bank account. For treasury bonds, coupon payments are made semi-annually until the security matures. If an investor wishes to continue investing, then a new application has to be filled to reinvest the maturing amount.
le tlhoko e joalo.

Matsete a nako e khuts‘oane (treasury bills)

Ana ke matsete a nako e sa feteng selomo kapa likhoeli tse leshome le metso e ‘meli. Ka matsete, Banka e fihlela e ‘ngoe ea libanka tse teng ka hare ho naha. Motsete a na a fana ka phaelo kakga mo fihlela e leung ka balele. Matsete a boiketo (CBL/TBR/1) e fumanehang makhetlo a mabapi le boleng ba e tsetelang ho latela lena le nka tlaase ho likete tse Maloti (M5,000), ha ba sa hlolisanang. Ba hlolisanang ka batseteli, ba sa hlolisanang leoa ea phatlalatsoa letsatsing lona leo ka fantisi, hona ho etsahala ka hora ea leshome le metso o mong hoseng (11:00 a.m.). Ba atlehileng fantising ba fumants’oa mangolo a pakang hore ba se ba ena le matsete Bankeng e Kholo. Hang hamora ho phatlalatsoa ba atlehileng, chelete ea bo e tsetelang e huloa ho tsoa polokoleng ea motseteli ka mong le banka ea hae.

LEKHETHO

Motseteli ka mong o lebeletsoe ho lefa lekhetso la ts’oala ea chelete ao e a tsetetseng. Ho motseteli eo e leng moai ea Lesotho ka molao, lekhetso lena le nka linoko tse leshome (10%) lekhohol. Ha ho le leng ea rekiseha ka ‘Muso ekaba batho ka bo-mong e fihlela lipehelo tsa mokho a hore ba se ba ena le matsete Bankeng e Kholo. Hang hamora ho phatlalatsoa ba atlehileng, chelete ea bo e tsetelang e huloa ho tsoa polokoleng ea motseteli ka mong le banka ea hae.

LIPOTSO LE LITLHAKISETSO LI KA LESOTHO

A FANOA KE BANKA E KHOLO EA LESOTHO LEBITSONG LA ‘MUSO OA LESOTHO

Central Bank of Lesotho

Mokho a oa thekiso

Ho na le tlhokhalo e ‘meli ea batseteli, oa ba hlolisanang lea o ba sa hlolisanang. Ba hlolisanang ka sekhaha sa tsoala ka ba tsetelang ho tlhoko a leite tse lehloko tsa Maloti (M100, 000), ha ba sa hlolisanang e lea ba tsetelang ho qa la ka leite tse hlano tsa Maloti (M5,000) ho fihlela ho e ka tlaase ho leite tse lehloko tsa Maloti.