



GUIDELINES FOR SECONDARY MARKET OPERATIONS

OF

GOVERNMENT OF SIERRA LEONE

TREASURY BILLS/TREASURY BONDS

SEPTEMBER 2026

1. INTRODUCTION

Treasury Bills/Treasury Bonds (Treasury Securities) may be traded in the secondary market "over-the-counter". Primary Dealers may trade treasury bills/bonds among themselves, with their customers or with the Bank of Sierra Leone (BSL).

2. Transfer of Treasury Securities

a. Transfer of Treasury Bills

Primary Dealers may buy and sell treasury bills among themselves and purchase from their customers.

All Treasury bills purchased/sold shall be transferred from the seller to the buyer.

Commercial Banks shall report such transactions when they occur to BSL and transfer the purchased securities through the Central Securities Depository (CSD) System or Scripless Security Settlement System (SSS) System.

For Discount Houses and Other Financial Institutions, BSL shall facilitate transfer of securities between holders.

Treasury bills transferred to commercial banks from their customers disinvested by the non-bank public shall be subjected to 15 percent withholding tax, as per Government regulations.

Request for transfer must be correctly and legibly written giving details of:

- The nature of the transaction underlying the transfer and specifying the security type.
- Signed by minimum of two authorized signatories.
- Delivered to BSL.

b. Transfer of Treasury Bonds

Same provisions apply for the transfer of treasury bonds as in Treasury bills.

3. Rediscounting/Disinvestment/Outright Purchase of Treasury Securities

a. Rediscounting/Disinvestment/Outright Purchase of Treasury Bills

Commercial Banks/Discount Houses are encouraged to purchase Treasury bills disinvested by their customers.

However, as a last resort, BSL may purchase treasury bills disinvested by counterparties (commercial banks, Other Financial Institutions (OFIs) and the general public) at their instance.

Commercial Banks shall submit such transactions when they occur to BSL, through the CSD system. Other Financial Institutions including discount houses shall forward a letter, addressed to the Director, Financial Markets Department, Bank of Sierra Leone with all necessary details, for action to be taken by BSL.

Prices of treasury bills rediscounted at the instance of counterparties are anchored on the equivalent yield of the most current lowest accepted price (LAP) plus a margin based on the number of days to maturity (if LAP is higher than the MPR) or at the Monetary Policy Rate (MPR) plus a margin based on the number of days to maturity (if LAP is lower than the MPR).

If the MPR is higher than the equivalent yield of the most current lowest accepted price, then the MPR shall be used. Similarly, if the equivalent yield of the most current lowest accepted price is higher than the MPR, the former shall be used.

Interest earned on proceeds from treasury bills disinvested by the non-bank sector (OFIs, with the exception of pension funds and the general public) shall be subjected to 15 percent withholding tax, as per Government regulations.

b. Rediscounting/Disinvestment of Treasury Bonds

BSL shall purchase Treasury bonds disinvested by commercial banks on an accrual basis.

A penalty of 5% shall be levied on the net accrued interest earned on all disinvested bonds. BSL reserves the right to change the penalty levied on disinvested bonds.

Commercial Banks shall submit such transactions when they occur to BSL, through the CSD system.

c. Outright Purchase Auction of Treasury Bills

BSL may also outrightly purchase Treasury bills from commercial banks as and when necessary, through an auction at the instance of BSL, if there is an observed liquidity deficit in banking system at a determined amount.

An announcement of outright purchase auction shall be communicated to all commercial banks, at least an hour before the auction is held.

Participants are expected to quote their selling price(s).

Request for outright purchase auction of Treasury bills shall be correctly and legibly written, giving the following details:

- i. the nature of the transaction.
- ii. issue and maturity dates.
- iii. amount to be sold.
- iv. purchase price.
- v. Signed by authorized signatories.
- vi. Hand delivered to BSL.

Result(s) of outright purchase auction(s) shall be communicated to the commercial banks same day.

4. Delivery and Format of Treasury Securities Disinvestment/Rediscount Letters.

a. Delivery and format of Treasury Bills disinvestment/rediscount letters

Commercial banks shall send request for disinvestment of Treasury bills through the CSD System.

Request for disinvestment of Treasury bills from other institutional investors shall be correctly and legibly written, giving the following details:

- (i) the nature of the transaction.
- (ii) issue and maturity dates.
- (iii) amount to be disinvested.
- (iv) purchase price.
- (v) Signed by authorized signatories.
- (vi) Hand delivered to BSL.

b. Delivery and format of Treasury Bonds disinvestment/rediscount letters

With the exception of bullet IV above, wherein purchase price is replaced with purchase rate, the same provisions apply for the delivery and format of treasury bonds disinvestment/rediscount letters as in treasury bills.

5. Interbank Repos/Reverse Repos

Commercial banks/discount houses that have signed the Master Repo Agreement (MRA) can borrow/lend funds when they are short/long at the interbank market, using Treasury securities (Treasury bills and Treasury bonds with maturity of up to but not more than five years) as the underlying collateral.

Only Treasury securities with a remaining term to maturity exceeding the term of the repo/reverse repo contract shall be used.

Settlement of Repo/Reverse transactions shall be Delivery Versus Payment (DvP) principle, where both the securities and the funds shall be simultaneously settled with finality.

Treasury securities would electronically be transferred to lenders of funds on the contract date of the Repo.

Borrowers of funds shall ensure they have the requisite collateral on the contract date of the Repo.

Interbank market players can undertake 1-14 days repos or reverse repos operations for their daily liquidity management.

To protect borrowers from market risks, lenders shall apply a haircut ranging from 10% to 20% (based on the remaining days to maturity) to the securities

delivered as collateral. E.g. A face value of NLe1,100,000/NLe1,200,000 treasury securities for a loan amount of NLe1,000,000. (see Appendix I)

All interbank repo/reverse repo transactions shall be done through the CSD System, upon agreement between counterparties, not later than 16.00hr.

Treasury securities shall electronically be transferred to initial holders (borrowers) on maturity of the Repo.

Lenders of funds shall ensure that the requisite collaterals are available in their books on maturity of the Repo, for effective settlement.

Borrowers should ensure that the funds are available by 11:00am on the maturity date of the Repo, for settlement to be effected.

6. BSL Standing Deposit Facility Window

Commercial Banks that have signed the MRA, can deposit their excess funds to BSL via this window on an overnight basis.

The transaction shall be reversed the next working day, and interest paid on the nominal by BSL.

The rate is the Monetary Policy Rate (MPR) minus a fixed spread as determined by the Monetary Policy Committee (MPC).

Commercial banks shall submit their request to access the Standing Deposit Facility window through the CSD System not later than 16.30hr.

For effective implementation of BSL's role to deepen the interbank, commercial banks **MUST** inform BSL prior to submitting their request.

In the event of non-compliance with the above rule, the commercial bank's account may not be credited with the interest earned on its funds deposited.

7. BSL Standing Lending Facility Window

As lender of last resort, BSL shall provide liquidity overnight via the Standing Lending Facility window at the instance of counterparties, but at a rate determined by BSL.

The rate is the MPR plus a fixed margin as determined by the MPC.

Commercial Banks that have signed the MRA can borrow funds from BSL via the Standing Lending Facility window, using their Treasury securities (Treasury bills and Treasury bonds with maturity of up to but not more than five years) as the underlying collateral.

Only Treasury securities with a remaining term to maturity exceeding the term of the repo/reverse repo contract is accepted as collateral.

To protect BSL from market risks, lenders shall apply a haircut ranging from 10% to 20% (based on the remaining days to maturity) to the securities delivered as collateral. E.g. A face value of NLe1,100,000/NLe1,200,000 Treasury securities for a loan amount of NLe1,000,000. (see Appendix I)

Commercial banks shall submit their request for standing facility through the CSD System not later than 16.30hr.

For effective implementation of BSL's role to deepen the interbank, commercial banks **MUST** inform BSL prior to submitting their request.

In the event of non-compliance with the above rule, the commercial bank's request for funds may not be authorised by BSL, thus, rendering the transaction incomplete.

8. BSL Intra-Day Liquidity Facility (ILF)

BSL shall provide liquidity via the Intra-Day Liquidity Facility window during the day at the instance of commercial banks at zero cost to ensure smooth operations of the RTGS system.

Commercial Banks that have signed the MRA can borrow funds from BSL via this window, using their Treasury securities (Treasury bills and Treasury bonds with maturity of up to but not more than five years) as the underlying collateral.

Only Treasury securities with a remaining term to maturity exceeding the term of the repo/reverse repo contract is accepted as collateral.

To protect BSL from market risks, lenders shall apply a haircut ranging from 10% to 20% (based on the remaining days to maturity) to the securities delivered as collateral. E.g. A face value of NLe1,100,000/NLe1,200,000 treasury securities for a loan amount of NLe1,000,000. (see Appendix I)

Commercial banks accessing this window shall ensure their accounts are adequately funded to reverse the transaction by 16:30hr of the same day. ILF is automatically converted into an overnight credit at the Standing Facility Rate and against eligible securities, if the counterparty fails to settle same day by 16:30hr.

Commercial banks shall submit their Intra-Day facility request through the CSD System from start of business day, but not later than 15.30hr.

9. BSL Repo Auction

BSL may conduct from 1-Day to 7-Day Repo auctions to withdraw liquidity from banking system, as part of BSL's monetary operation.

Repo auctions shall be conducted at the instance of BSL, if there is an observed liquidity surplus in the banking system, at a fixed tenure.

Commercial Banks and Discount Houses who have signed the MRA and the National Social Security and Insurance Trust (NASSIT) are eligible to participate in the auctions. BSL shall provide as collateral, Treasury securities with a remaining term to maturity exceeding the term of the repo transactions.

The maximum bid rate for Repo auctions shall be the MPR as determined by BSL.

The auction announcement, bid submission and processing of bids/transactions shall be done via the CSD System.

10. BSL Reverse Repo Auction

BSL may conduct 1-Day to 7-Day Reverse Repo auctions to inject liquidity into banking system, as part of BSL's monetary operations.

Reverse Repo auctions shall be conducted at the instance of BSL, if there is an observed liquidity shortfall in the banking system, at a fixed tenure.

Commercial Banks and Discount Houses that have signed the MRA can participate in the auctions using their Treasury securities (Treasury bills and Treasury bonds with maturity of up to but not more than five years) as the underlying collateral.

To protect BSL from market risks, lenders shall apply a haircut ranging from 10% to 20% (based on the remaining days to maturity) to the securities delivered as collateral. E.g. A face value of NLe1,100,000/NLe1,200,000 treasury securities for a loan amount of NLe1,000,000. (see Appendix I)

Treasuries securities with a remaining term to maturity exceeding the term of the transactions are eligible to be used as collateral.

The minimum bid rate for Reverse Repo auctions shall be the MPR as determined by BSL.

The auction announcement, bid submission and processing of bids/transactions shall be done via the CSD System.

11. Main Liquidity Operations (MLOs)

BSL shall conduct 7-Day Reverse Repo/Repo auctions hereafter called Main Liquidity Operations (MLOs) to inject/withdraw liquidity into/from banking system, as part of BSL's monetary operations.

The 7-Day MLOs shall be conducted at the instance of BSL on a weekly basis at a variable/fixed rate, fixed tenure and volume, to manage short-term liquidity and steer short-term money market rates close to the policy rate.

For Reverse Repo operations, Commercial Banks that have signed the MRA can participate in the auctions using their Treasury securities (Treasury bills and Treasury bonds with maturity of up to but not more than five years) as the underlying collateral.

For Repo operations, BSL shall provide Treasury securities (Treasury bills and Treasury bonds with maturity of up to but not more than five years) as the underlying collateral to commercial banks that participate in the auctions.

To protect BSL from market risks, lenders shall apply a haircut ranging from 10% to 20% (based on the remaining days to maturity) to the securities delivered as collateral. E.g. A face value of NLe1,100,000/NLe1,200,000 treasury securities for a loan amount of NLe1,000,000. (see Appendix I)

Treasuries securities with a remaining term to maturity exceeding the term of the MLO transactions are eligible to be used as collateral.

Minimum bid rate for Reverse Repo MLOs is the MPR as determined by BSL and shall be quoted in not more than two decimal places.

Maximum bid rate for Repo MLOs is the MPR as determined by BSL and shall be quoted in not more than two decimal places.

Minimum bid amount to be submitted for Reverse Repo auctions shall be NLe1,000,000 and in multiples of NLe100,000 thereafter.

Bids shall be allotted using the multiple price method for both Repo and Reverse Repo auctions.

The auction announcement, bid submission and processing of bids/transactions shall be done via the CSD System.

12. Settlement

- (i) Settlement is on the basis of Delivery versus Payment (DvP).
- (ii) Funds are debited or credited directly to counterparty's account at BSL.
- (iii) Security transfers are simultaneously effected on the books of BSL /counterparty.
- (iv) Results shall be published same day on the CSD/SSS System.

13. Resale or Repurchase on Maturity

For Reverse Repos: At maturity BSL shall sell the security back to BSL at the resale price agreed upon at the initiation of the reverse repo transaction.

For Repos: At maturity BSL shall repurchase the tendered security at the repurchase price agreed upon at the initiation of the repo transaction.

14. Review and Amendment

At the discretion of the Central Bank these Guidelines may be reviewed and/or amended.

15. Effective Date

These Guidelines shall be effective from the date of its publication in the Gazette.

Appendix 1: Haircuts on Securities Eligible for Collaterals

Remaining Months/Years to Maturities				
	0 to <3 Months	3 to <6 Months	6 to <9 Months	9 to <12 Months
Treasury Bills & Treasury Bonds	10.00%	11.00%	12.00%	13.00%
	1 to <2 Years	2 to <3 Years	3 to <4 Years	4 to 5 Years
Treasury Bonds	17.00%	18.00%	19.00%	20.00%

BSL shall review the applicable haircut every two years but reserves the right to make revisions at any time to reflect market conditions.

***Money Market Division
Financial Markets Department
Bank of Sierra Leone***