

Published Information

The last trade price, the highest unfilled bid (or buy order) price and lowest outstanding offer (or sell order) price for each bond will be published on the following day. The details of all the bonds listed for trading on the Stock Exchange can be obtained from Exchange members and the Central Bank.

INSTITUTIONS AUTHORISED TO TRADE IN GORTT BONDS EXCHANGE MEMBERS

STOCKBROKERS -

- West Indies Stockbrokers Limited
- Caribbean Stockbrokers Limited
- AIC Securities Limited
- Republic Securities Limited
- Bourse Securities Limited
- CMMB Securities Limited

GOVERNMENT SECURITIES INTERMEDIARIES (GSIs) -

- ANSA Merchant Bank Limited
- Citicorp Merchant Bank Limited
- First Citizens Bank Limited
- Intercommercial Trust & Merchant Bank Limited
- Republic Finance and Merchant Bank Limited (FINCOR)
- RBTT Merchant Bank Limited
- Scotiatrust and Merchant Bank Limited
- Trinidad and Tobago Unit Trust Corporation
- FirstCaribbean International Bank Limited
- Caribbean Money Market Brokers Limited



SECONDARY MARKET BOND TRADING

GOVERNMENT BONDS Secondary Market – Operating Rules



GOVERNMENT BONDS

Secondary Market – Operating Rules

Trading Days and Restrictions

- (i) The minimum face value of a Government bond that can be traded on the Secondary Market will be determined by each bond's Trust Deed (this value will range from \$1,000.00 to \$5,000.00).
- (ii) Trading will initially take place on Tuesdays, Wednesdays and Fridays (except public holidays) from 9:30 a.m. to 12:00 p.m.
- (iii) Investors cannot transfer Government bonds on the Trinidad and Tobago Stock Exchange (TTSE) without payment, for instance as a gift.
- (iv) Trades cannot be settled in securities, i.e. the exchange of another form of security as payment for a GORTT bond.

Trade Date vs Settlement Date

The trade date is the date on which a trade occurs,

i.e. when a buy order and a sell order are automatically matched at the TTSE.

The Settlement date is the day when the actual payment of funds due from the trade and the transfer of ownership of the bond are done. For the time being, the settlement date will be two (2) working days after the trade date. This is referred to as settlement on 'T+2'. On the settlement day a cash payment must be made by the buying Exchange Member to the selling Exchange Member for the accounts of their clients.

Price Quotations

Government bonds are quoted at a price per \$100.00 face value. For instance, if an investor sells \$5,000.00 face value of a GORTT bond at a price of 98.775, the cost of purchasing these bonds will be:

$$(98.775/100) \times \$5,000.00 = \$4,938.75 \quad [1]$$

This price does not include *accrued interest* on the bond and is called the clean price.

Government bonds pay interest periodically (usually on a semi-annual basis). For secondary market trades that occur during the period prior to or between interest payments, a

buyer of a bond must pay the seller both the clean price as well as the *accrued interest*. The interest earned between the last coupon or interest payment date and the settlement date of a trade is called accrued interest. This is paid because the buyer will receive the full coupon due for the period from the last interest payment date to the next.

For instance, if \$5,000.00 of the above Government bond, with a coupon rate of 8.00% and interest dates of June 30 and December 31, is traded on July 31, the accrued interest will be determined for the period July 1st to 31st, or thirty-one days. The accrued interest due is calculated as:

$$(\$5,000.00 \times 8.00\%) \times 31/365 = \$33.97 \quad [2]$$

The accrued interest will be calculated by the Stock Exchange. The full payment or settlement value is referred to as the *dirty price* and is computed as follows:

$$[1] \$4,938.75 + [2] \$33.97 = \$4,972.72$$

This settlement value will be included in contract notes issued by the selling and the buying Exchange Members to their clients. The contract notes will also confirm the trade date and the settlement date and any other fees charged by the Stock Exchange or the Exchange Member for their services, and any taxes payable on the transaction.