



**JANUARY**

# **Secondary Market of Government Securities**

**2000**

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# ANNOUNCEMENT

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As of December 1999 you can find a daily bulletin containing information on government securities primary and secondary market on BNB Internet website *www.bnb.bg*.

As of January 2000 information on BNB activity as a government fiscal agent and official state depository is included in BNB Internet website containing the following major sections:

- establishment and maintenance of an electronic system for registration and trade in book-entry government securities;
- automated system for registration, service and management of foreign debt;
- information service of cash reporting of consolidated state budget and fiscal reserves.

For additional information on the bulletin subscription and use please call on telephone (+359 2) 9145 1304.

## *Abbreviations*

BGN – The Abbreviation of the Redenominated Bulgarian Lev

BIR – Base Interest Rate

BNB – Bulgarian National Bank

BSE – Bulgarian Stock Exchange

CGB – Central Government Budget

CM – Council of Ministers

CMD – Council of Ministers Decree

DISCs – Discount Bonds

FLIRBs – Front-loaded Interest Reduction Bonds

GS – Government Securities

IABs – Interest Arrears Bonds

LSPDACB – Law on State Protection of Deposits and Accounts with Commercial Banks in respect whereof the BNB Has Petitioned the Institution of Bankruptcy Proceedings

MF – Ministry of Finance

OTC Market – Over-the-counter Market

SBL – State Budget Law

SII – State Insurance Institute

ZUNK – Bulgarian Abbreviation of the Law on Settlement of Nonperforming Credits

Negotiated prior to 31 December 1990 (LSNC)

### Interbank Market of Government Securities Issued under Regulation No. 5

In January 2000 financial institutions concluded 225 transactions in government securities (including the number and volume of reverse repurchase agreements) issued for budget deficit financing, totaling BGN 144,947.8 thousand nominal value, a decrease of BGN 287,886.3 thousand compared with the same period of the previous year (Chart 1).

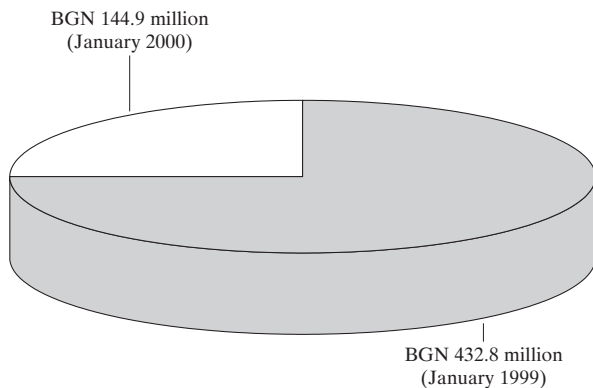
Over the review period total volume of secondary market transactions in government securities issued under Regulation No. 5 (reverse repo agreements volume excluded) totaled BGN 90,395.2 thousand, including three-month treasury bills of BGN 4,530 thousand, six-

month of BGN 200 thousand, twelve-month of BGN 30,478.7 thousand, two-year of BGN 48,501.5 thousand and up to five years of BGN 6,685 thousand (Chart 2). In January sales in government securities decreased compared with the previous month, their volume decreasing by BGN 185.6 million. Structurally, two-year treasury bonds occupied the largest share in January.

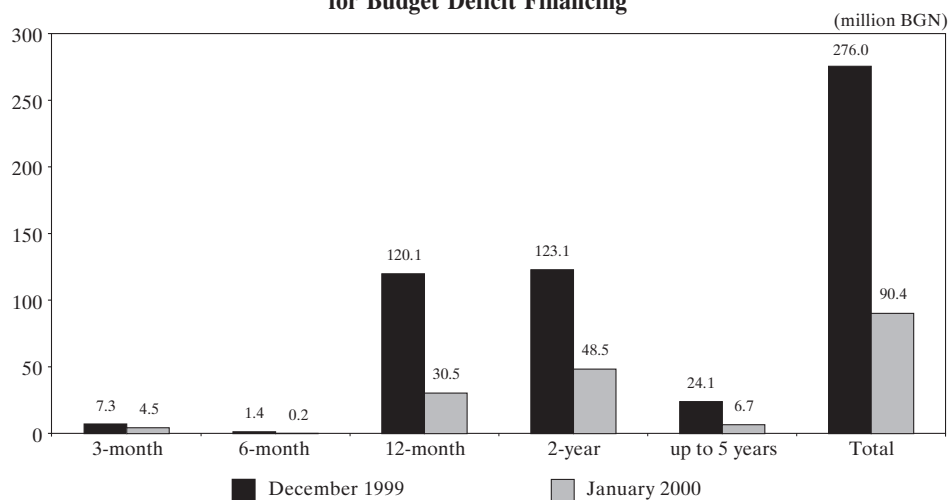
In January secondary market transactions on behalf of clients (i. e. under Article 20 of Regulation No. 5) increased five times on the previous month, accounting for BGN 2,415.6 thousand. Transactions between nonprimary dealers and physical or legal persons (i. e. transactions under Article 21 of Regulation No. 5) dropped compared with De-

Chart 1

#### Volume of Transactions in Government Securities Issued for Budget Deficit Financing



### Structure of Transactions in Government Securities Issued for Budget Deficit Financing



ember, reaching BGN 1,698.8 thousand. The volume of transactions between primary and nonprimary dealers (under Article 14 of Regulation No. 5) also decreased from December, reaching BGN 29,787.3 thousand, including bids approved at the government securities auctions on behalf of nonprimary dealers of BGN 2,900 thousand.

#### Interbank Market of Government Securities Issued as a Result of Structural Reform

In January financial institutions concluded 62 transactions in USD-denominated government securities issued as a result of structural reform, totaling USD 32.2 million nominal value (including the number and volume of reverse repurchase agreements). In January, 38 outright transactions of USD 16.2 mil-

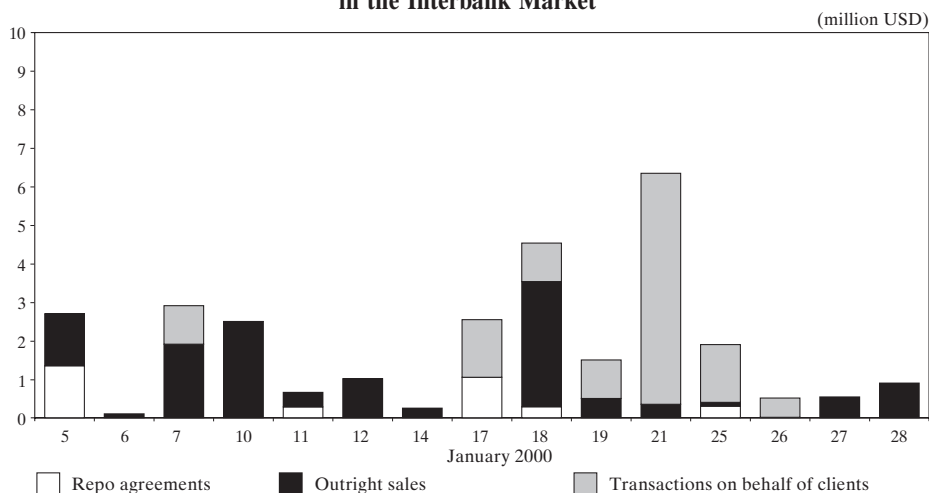
lion, 10 repo agreements of USD 3.3 million, and 14 transactions on behalf of clients of USD 12.7 million (under Articles 14, 20 and 21) were concluded.

In January four lev-denominated transactions in government securities issued as a result of structural reform of BGN 910 thousand and three transactions in EUR-denominated government securities, totaling EUR 600 thousand, were concluded.

Nineteen transactions of USD 4.4 million and two transactions of EUR 600 thousand were concluded pursuant to Article 14, para. 6 of Regulation No. 5.

In January trade in forex ZUNK bonds was characterized by low activity in the market and decreased average daily turnover: approximately USD 1.6 million. January saw increased volume and number of outright transactions (by 13.3% from the previous month), while

### Volume of Transactions in USD-denominated Government Securities in the Interbank Market



the volume of repo agreements dropped by 73.2%.

Prices of USD-denominated long-term bonds dropped by USD 2.5 – 3 per USD 100 nominal value compared with market values reached in December, a result of interest payment effected in the beginning of 2000. The prices ranged between USD 65.5 – 71 per USD 100 nominal value. The higher limit was due to outright transactions in these government securities due to their use in privatization transactions as legal tender.

#### Government Securities Repo Agreements in the Interbank Market

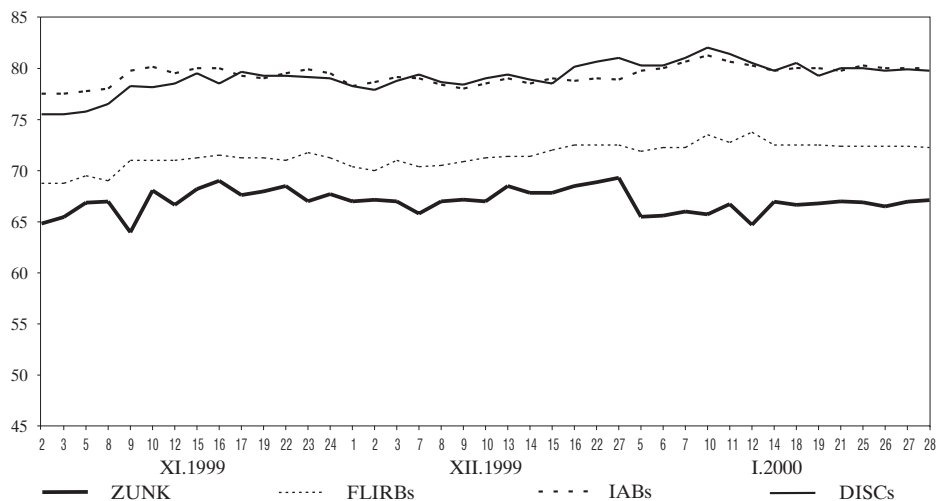
In January the volume of repo agreements traded in the secondary interbank market was uneven (Chart 5). Transactions volume increased at the end of the review period (31 January) due to the in-

creased demand for funds by commercial banks consistent with minimum reserve requirements regulation with the BNB. On 31 January interest rates of interbank deposits also grew.

In January yield of repo agreements reflected weekly changes in the base interest rate. An increase in the average term of repo agreements (in terms of days) and outright transactions volume occurred. The yield of repo agreements in government securities was lower than the yield of interbank deposits of up to one-day and three-day maturities. The yield of transactions of up to seven-day maturity was higher than that of interbank deposits of the same maturity. The yield of repo agreements of up to one-month maturity was equal to the yield of interbank deposits of the same maturity (Chart 6).

Chart 4

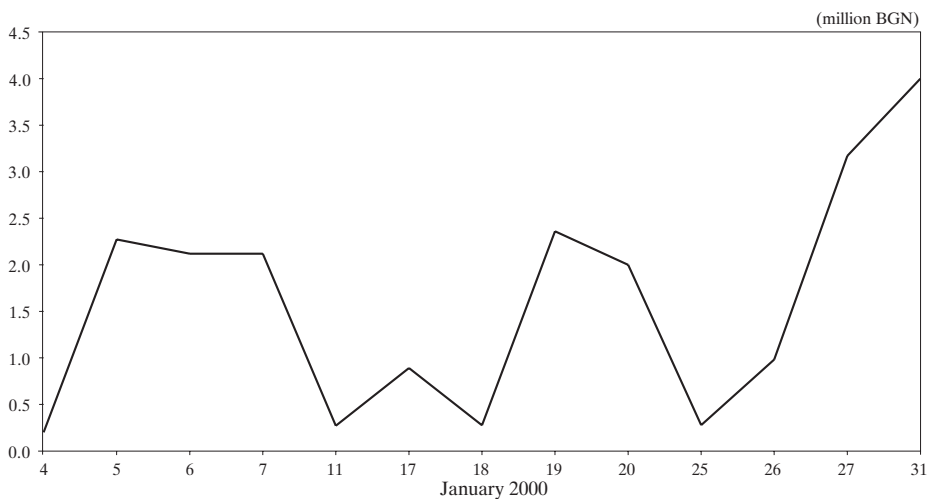
### Price Movements of USD-denominated Government Securities (Issued under ZUNK) in the Interbank Market and Bulgarian Brady Bonds\*



\* Reuters offer quotations for Brady bonds.

Chart 5

### Volume of Repo Agreements in the Secondary Interbank Market





**Prices of Transactions in USD-denominated Government Securities  
Issued under Article 5 of ZUNK**

(USD)

Date January	Price		
	Minimum	Maximum	Average weighted
5	65.50	66.57	65.50
6	65.58	65.87	65.61
7	65.60	68.10	66.01
10	65.50	66.00	65.73
11	66.20	67.01	66.72
12	64.00	67.63	64.71
14	66.96	66.96	66.96
18	66.50	67.03	66.64
19	66.80	66.80	66.80
20	71.00	71.00	71.00
21	67.00	67.75	67.01
25	66.90	66.90	66.90
26	66.50	67.70	66.60
27	65.00	69.20	66.98
28	66.95	67.35	67.12
<b>Monthly</b>	<b>64.00</b>	<b>71.00</b>	<b>66.69</b>

**Note:** Data is based on privatization and outright transactions registered by the BNB.

**Quotations of Bulgarian Brady Bonds\***

(USD)

Date January	DISCs		FLIRBs		IABs	
	Offer	Bid	Offer	Bid	Offer	Bid
3	81.50	80.50	72.50	72.00	80.25	79.00
4	80.50	80.00	72.00	71.13	80.00	78.75
5	80.25	79.38	71.88	71.38	79.75	78.75
6	80.25	79.75	72.25	71.50	80.00	79.00
7	81.00	80.25	72.25	71.75	80.63	79.63
10	82.00	81.38	73.50	72.00	81.25	80.25
11	81.38	80.50	72.75	72.00	80.63	79.63
12	80.50	80.00	73.75	72.25	80.25	79.25
13	79.75	79.38	73.00	72.00	80.00	79.13
14	79.75	79.50	72.50	72.13	79.75	78.75
18	80.50	79.13	72.50	71.75	80.00	79.00
19	79.25	79.00	72.50	71.88	80.00	77.50
20	79.50	79.00	72.25	71.75	79.75	78.75
21	80.00	79.25	72.38	71.75	80.25	79.25
24	79.88	79.38	72.50	72.00	80.00	79.25
25	80.00	79.25	72.38	71.50	80.25	79.25
26	79.75	79.25	72.38	71.88	80.00	79.00
27	79.88	79.25	72.38	71.88	80.00	79.00
28	79.75	79.13	72.25	71.50	80.00	79.00
31	79.50	78.75	71.88	71.25	79.50	78.50

\* Reuters quotations.

## Volume and Structure of Government Securities Secondary Interbank Market Transactions in January

1. Volume of transactions in government securities denominated in levs (million BGN nominal value)	91.25
- repo agreements*	20.58
- outright sales	70.67
- privatization transactions	-
2. Volume of transactions in government securities denominated in US dollars and euro (million BGN nominal value)	28.80
- repo agreements*	3.09
- outright sales	25.68
- privatization transactions	0.03
3. Number of secondary market transactions	211
- repo agreements**	29
- outright sales	177
- privatization transactions	5
4. Average term of secondary interbank market repo agreements (days)	6.86
5. Average monthly yield (simple interest) on secondary market repo agreements depending on the term (%)	
1 day	0.06
from 2 to 3 days	0.06
from 4 to 7 days	0.13
up to 1 month	0.23

\* Volume of reverse repo agreements excluded.

\*\* Number of reverse repo agreements excluded.

Chart 6

### Yield of Repo Agreements in Government Securities and Interest Rate on Interbank Deposits on a Monthly Basis (January)

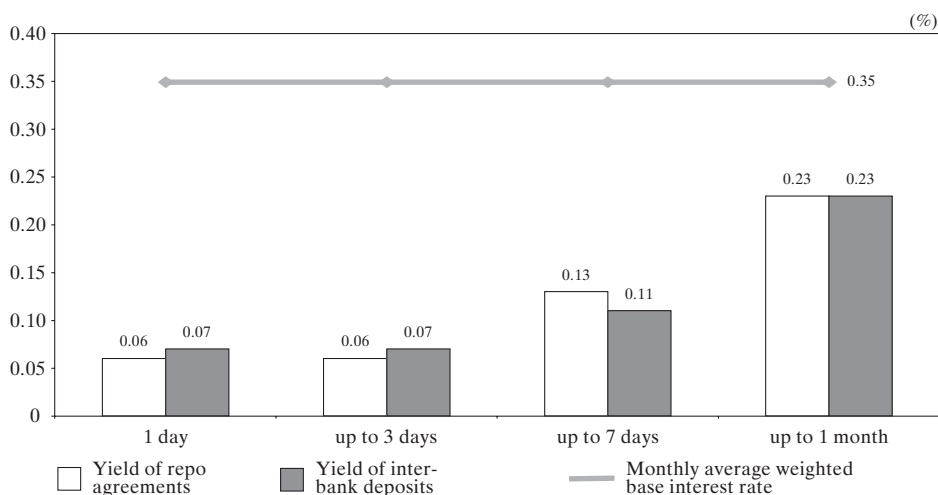


Chart 7

**Structure of Secondary Market Transactions in Lev-denominated Government Securities in January**

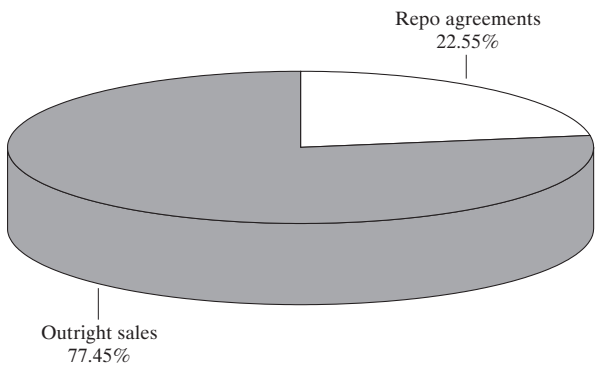
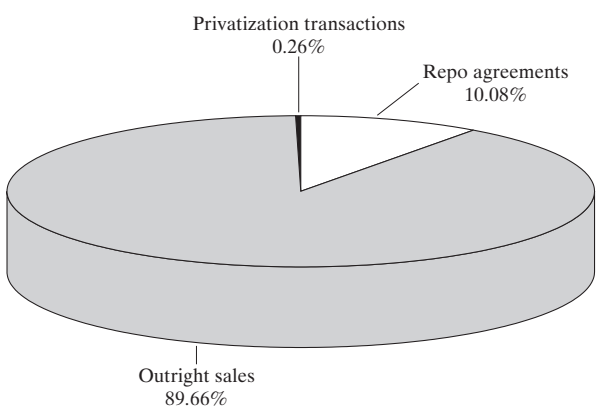


Chart 8

**Structure of Secondary Interbank Market Transactions in Government Securities Denominated in US Dollars and Euro in January**



## Volume and Yield of Deposits in the Interbank Market and Repo Agreements in Government Securities

	1 day		from 2 to 3 days		from 4 to 7 days		from 8 to 30 days		over 30 days		Total
	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume
<b>4.01.2000</b> Deposits Repo agreements	8 064	1.68			400	3.30	906 200	3.20 3.04	2 000	3.63	11 370 200
<b>5.01.2000</b> Deposits Repo agreements	2 200	1.84	2 000	1.60	1 870 270	2.18 2.84	2 002	3.04	1 000	3.75	7 070 2 272
<b>6.01.2000</b> Deposits Repo agreements	7 000 2 119	1.64 0.81			1 200	2.84			2 000	3.75	10 200 2 119
<b>7.01.2000</b> Deposits Repo agreements			9 565 2 119	1.03 0.41			299	2.90			9 864 2 119
<b>10.01.2000</b> Deposits Repo agreements	6 950	1.02			2 000	1.30					8 950 -
<b>11.01.2000</b> Deposits Repo agreements	6 730	0.89			400 272	2.50 2.84	2 250	2.07			9 380 272
<b>12.01.2000</b> Deposits Repo agreements	9 489	0.86			1 300	1.32					10 789 -
<b>13.01.2000</b> Deposits Repo agreements	11 797	0.86			1 855	1.59	90	3.30			13 742 -
<b>14.01.2000</b> Deposits Repo agreements	10 000	1.31	13 262	0.89	651	2.09			2 500	3.76	26 413 -
<b>17.01.2000</b> Deposits Repo agreements	16 445	0.78	1 350 891	1.04 0.81	5 300	1.36	4 640	2.92	500	3.50	28 235 891
<b>18.01.2000</b> Deposits Repo agreements	18 970	0.76	1 000	1.60	1 000 276	1.00 2.53			1 500	3.80	22 470 276
<b>19.01.2000</b> Deposits Repo agreements	17 491	0.78			1 370	2.01	995 2 360	1.75 2.52	1 000	4.38	20 856 2 360
<b>20.01.2000</b> Deposits Repo agreements	16 974 2 000	0.73 0.67			4 710	1.36	600	2.00			22 284 2 000
<b>21.01.2000</b> Deposits Repo agreements			14 193	0.57	801	1.50	2 000	3.00			16 994 -
<b>24.01.2000</b> Deposits Repo agreements	16 350	0.58	1 000	0.70	5 600	1.08	1 500	2.72			24 450 -

(continued)

(continued)

	1 day		from 2 to 3 days		from 4 to 7 days		from 8 to 30 days		over 30 days		Total
	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume
<b>25.01.2000</b>											
Deposits	10 896	0.69	3 000	0.70	7 898	1.33					21 794
Repo agreements					278	2.53					278
<b>26.01.2000</b>											
Deposits	16 355				4 430		2 000		2 000		24 785
Repo agreements							982	2.84			982
<b>27.01.2000</b>											
Deposits	13 986	0.55			3 500	1.14	5 590	2.68	800	2.50	23 876
Repo agreements					3 170	1.22					3 170
<b>28.01.2000</b>											
Deposits			9 680	0.70	2 700	0.93			2 000	3.40	14 380
Repo agreements											-
<b>31.01.2000</b>											
Deposits	6 250	0.64			5 000	0.98	1 000	2.95	2 000	3.88	14 250
Repo agreements			4 000	0.88							4 000

- Notes:**
1. Volumes of transactions and deposits in thousand BGN.
  2. Volumes of repo agreements include agreements concluded during the current day.
  3. Yield is calculated on an annual basis.
  4. Lev equivalent of the transactions in USD-denominated government securities based on the USD exchange rate on the day of transaction.

## Volume of Government Securities Transactions in the Secondary Market and Securities Transactions in the Bulgarian Stock Exchange and OTC Market

(BGN)

Date January	Repo agreements	Outright sales	Regulation No. 5				Privatization transactions	Transactions in GS, total	Transactions in securities		
			Art. 14	Art. 15	Art. 20	Art. 21			BSE	OTC market	Total
4	10 840 000.00	1 637 160.77	669 723.28	21 567 254.88	-	-	-	34 714 138.93	-	-	-
5	9 885 474.15	8 363 596.49	-	12 564 885.34	91 500.00	-	-	30 905 455.98	-	-	-
6	8 019 000.00	9 446 145.85	1 763 894.70	7 313 148.71	-	29 337.45	-	26 571 526.70	-	120.00	120.00
7	4 200 000.00	10 130 395.70	1 780 000.00	3 512 794.02	1 882 780.00	62 000.00	564.83	21 568 534.56	161 349.08	40 644.70	201 993.78
10	7 469 000.00	6 490 499.00	6 863 858.66	28 307 126.16	-	509 493.72	-	49 639 977.54	138 075.20	5 253.25	143 328.45
11	601 931.40	7 706 391.32	882 000.00	6 744 469.08	2 269 422.00	-	-	18 204 213.80	90 187.96	8 032.43	98 220.39
12	-	6 613 164.59	190 701.00	13 485 427.01	-	-	-	20 289 292.60	44 747.15	35 706.43	80 453.58
13	1 000 000.00	2 276 667.00	6 300 000.00	3 235 550.77	-	1 000 000.00	-	13 812 217.77	592 510.75	2 435.75	594 946.50
14	200 000.00	5 475 825.00	2 960 000.00	4 345 150.00	-	-	-	12 980 975.00	135 108.70	2 930.00	138 038.70
17	2 908 993.45	5 650 000.00	100 000.00	4 698 741.00	-	2 865 646.34	-	16 223 380.79	40 824.20	2 859.05	43 683.25
18	552 221.70	6 797 265.00	623 369.97	7 264 084.85	1 937 620.00	3 193 488.40	-	20 368 049.92	602 313.44	5 461.00	607 774.44
19	5 751 000.00	9 910 708.00	5 816 751.00	9 615 003.58	1 937 810.00	147 000.00	-	33 178 272.58	115 018.99	9 719.74	124 738.73
20	2 700 000.00	205 000.00	1 225 169.73	9 465 072.00	-	-	1 741.96	13 596 983.69	23 767.40	4 336.98	28 104.38
21	2 000 000.00	3 712 503.00	607 744.83	7 327 181.10	11 631 480.00	444 622.00	4 652.59	25 728 183.52	74 599.36	26 178.50	100 777.86
24	-	2 514 000.00	1 215 251.40	1 915 822.00	-	821 304.96	-	6 466 378.36	3 203 605.31	2 737.78	3 206 343.09
25	2 155 909.60	1 225 056.00	400 000.00	3 031 796.44	2 925 840.00	-	-	9 738 602.04	317 814.19	68 103.20	385 917.39
26	1 682 000.00	1 343 955.65	2 936 270.00	2 699 491.00	-	45 200.00	16 220.44	8 723 137.09	726 165.34	80 222.76	806 388.10
27	4 530 000.00	4 964 376.77	3 854 575.80	1 055 307.83	54 713.00	-	8 784.54	14 467 757.94	153 729.14	18 606.00	172 335.14
28	90 000.00	6 271 986.00	2 576 770.00	4 493 166.60	-	-	-	13 431 922.60	1 386 513.42	26 854.20	1 413 367.62
31	6 000 000.00	75 000.00	218 462.20	3 829 128.35	-	337 623.40	-	10 460 213.95	110 112.84	73 345.00	183 457.84
TOTAL	70 585 530.30	100 809 696.14	40 984 542.57	156 470 600.71	22 731 165.00	9 455 716.27	31 964.37	401 069 215.35	7 916 442.47	413 546.77	8 329 989.24
Average volume of government securities transactions of 24 operating primary dealers									16 711 217.31		

- Notes:**
1. The amount of the bids approved for participation in government securities auctions on behalf of nonprimary dealers of BGN 2,900,000 is included.
  2. The amount of approved competitive and noncompetitive bids on behalf of companies and individuals of BGN 5,230,824 is included.
  3. The volume of repo agreements includes reverse repo agreements and repo agreements concluded during the current day.
  4. Transfer transactions of government securities to the MF account used as legal tender in privatization are considered to be privatization transactions.
  5. Transactions in USD-denominated government securities are in levs at the US dollar exchange rate quoted by the BNB on the day of transaction.
  6. Banking Department data on the volume of transactions in the Bulgarian Stock Exchange and OTC market.

Chart 9

### Volume of Secondary Market Transactions in USD-denominated Government Securities Issued for Structural Reform in January

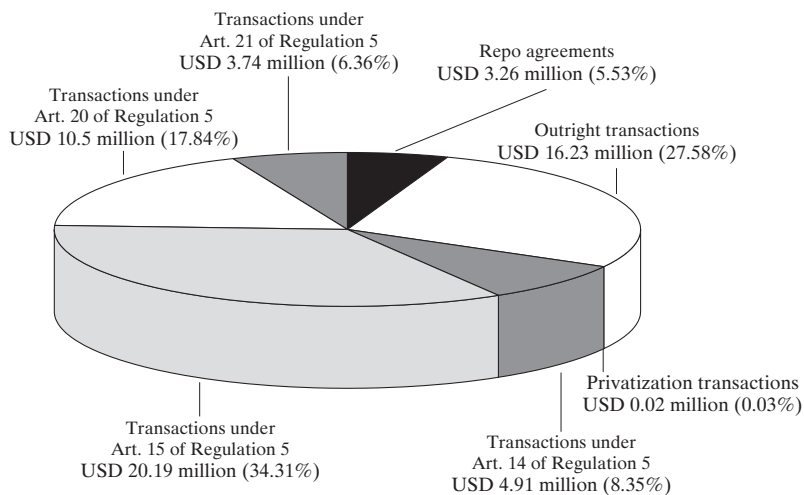
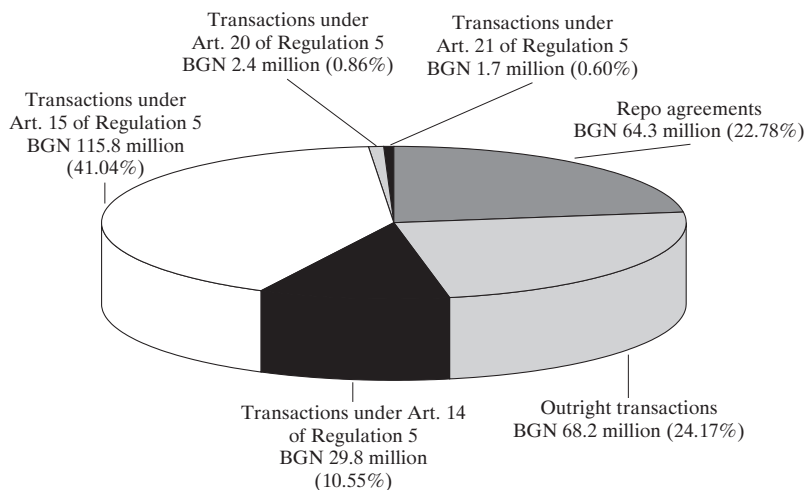


Chart 10

### Volume of Secondary Market Transactions in Government Securities Issued for Budget Deficit Financing in January



# 2 INVESTMENTS OF NONBANK FINANCIAL INSTITUTIONS, COMPANIES AND INDIVIDUALS IN GOVERNMENT SECURITIES

## Sales of Government Securities Issued under Regulation No. 5 of the MF and BNB and of Target Issues

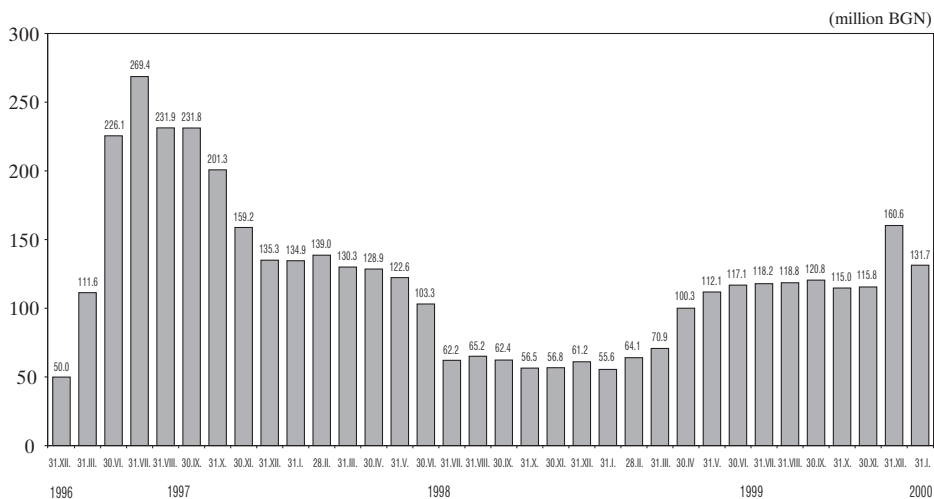
The volume of government securities sales for budget deficit financing dropped in January. As of 31 January 2000 government securities (issued under Regulation No. 5) held by individuals, companies and nonbank financial institutions totaled BGN 131,686 thousand (Chart 11), a decrease of BGN 28,887 thousand, or 17.98%, on the previous month. Sales of target government secu-

rities earmarked for sale to physical persons accounted for BGN 22,561 thousand (Chart 12), an increase of BGN 1,015 thousand, or 4.71%, on December.

In January sales of government securities issued under Regulation No. 5 included three-month treasury bills of BGN 3,955.8 thousand, one-year of BGN 1,723.5 thousand, and two-year treasury bonds of BGN 5,572.3 thousand. Two-year treasury bonds occupied the largest share in total government securities sales in January, 49.52%.

Chart 11

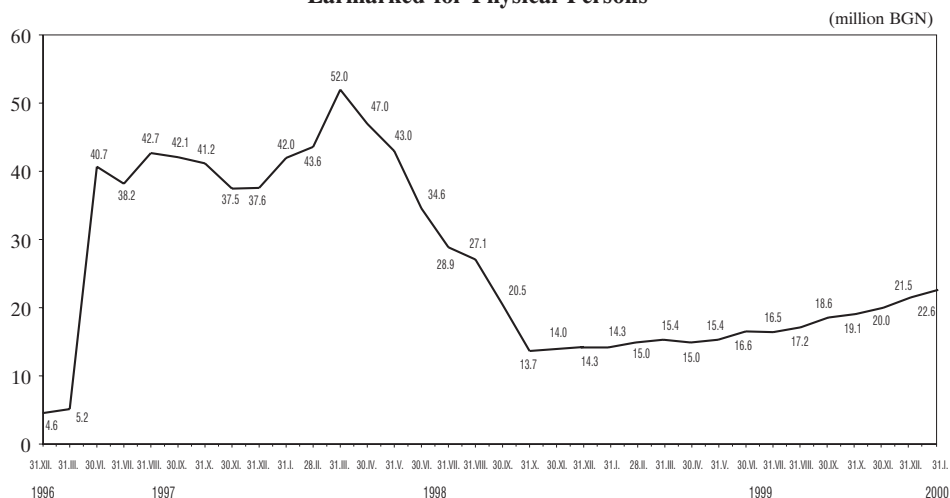
### Investments of Nonbank Financial Institutions, Companies and Individuals in Government Securities Issued under Regulation No. 5



Note: Preliminary data for January 2000.



### Investments in Government Securities from Target Issues Earmarked for Physical Persons



Notes: 1. Preliminary data for January 2000.  
2. Target issues dated 12 January 2000 excluded.

### Target Issues of Government Securities Earmarked for Physical Persons

On 12 January 2000 the Ministry of Finance issued the first 2000 issue of savings bonds earmarked for direct sale to physical persons. To restore the normal schedule of the issue of savings government securities, the first issue had an one-week term for sale (12 – 19 January 2000<sup>1</sup>). The latter was offered for sale under the following conditions:

Two-year savings government trea-

<sup>1</sup> The period under review starts from the issue date and finishes at the end of issue periods, since data is obtained and registered after the sale of a particular issue has been finished. Therefore, this period does not correspond to the calendar month and includes one issue period or one week.

sury bonds with fixed annual yield in the form of semiannual interest payment, effective as of the issue date. The last interest payment is effected at maturity together with the nominal value of government securities. The annual interest rate of the first interest coupon is 8%, the second 9%, the third 10%, and fourth 11%. Reverse repurchases of these bonds start six months after their issue at prices set by the issuer. Reverse repurchase price of two-year savings government securities issues is set by accruing the previous coupon annual rate of interest to the nominal value for the period since the latest interest payment until the reverse repurchase date.

Total amount of target government

securities sales registered in January accounted for BGN 1,565.5 thousand nominal value, including BGN 759.3 thousand sold by the BNB and its domestic branches (Chart 13).

### **Investments in Government Securities Issued for Structural Reform**

The upward trend toward an increase in the volume of government securities acquired by individuals, companies and nonbank financial institutions and issued for structural reform continued in January. As of 31 January 2000 total sales of government securities accounted for BGN 384,184.2 thousand (including sales to foreign investors), an increase of

BGN 26,470.1 thousand, or 7.4%, from December (Chart 15).

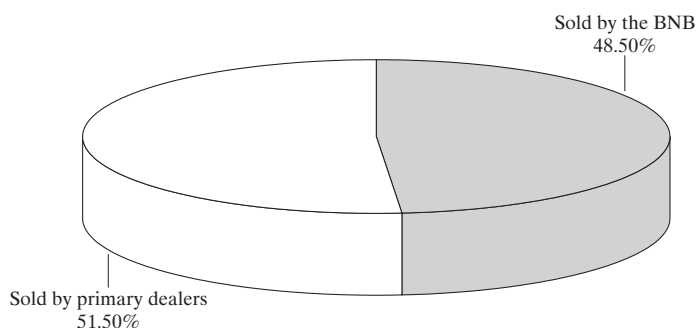
The bulk of government securities issued for structural reform was sold by commercial banks (80.48%) and other financial institutions (19.52%).

Lev-denominated government securities held by individuals, companies and nonbank financial institutions totaled BGN 7,795 thousand (2.03% of total sales), while USD-denominated government securities issued under ZUNK accounted for BGN 332,504.18 thousand (86.55%) and EUR-denominated government securities issued for structural reform amounted to BGN 43,885.04 thousand (11.42%).

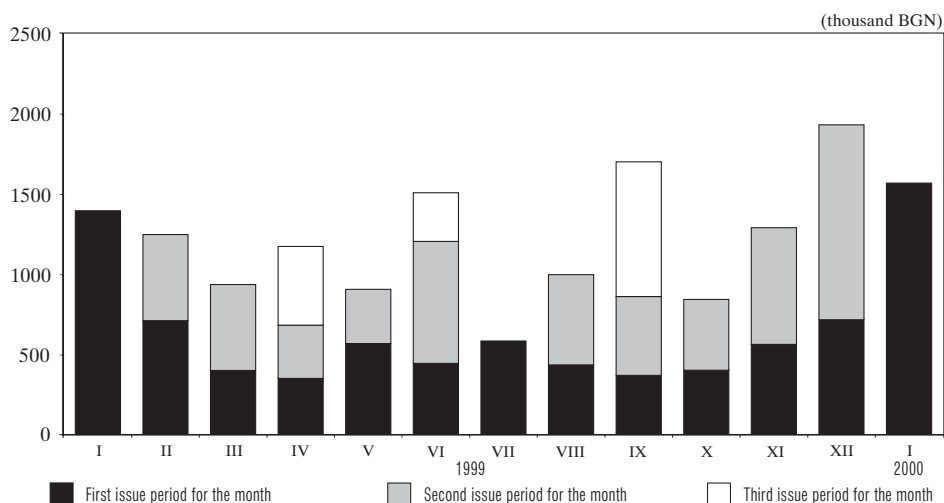
### **Foreign Investments in**

Chart 13

**Share of Government Securities (Earmarked for Physical Persons)  
Sold by the BNB and Its Domestic Branches in January  
in Total Volume of Target Government Securities Issued**



### Volume of Target Government Securities Sales to Physical Persons



### Government Securities

The volume of government securities held by foreign investors increased in January. As of 31 January government securities acquired by foreign investors totaled BGN 196,462.5 thousand (Chart 16), an increase of BGN 10,147.4 thousand (5.45%) on December.

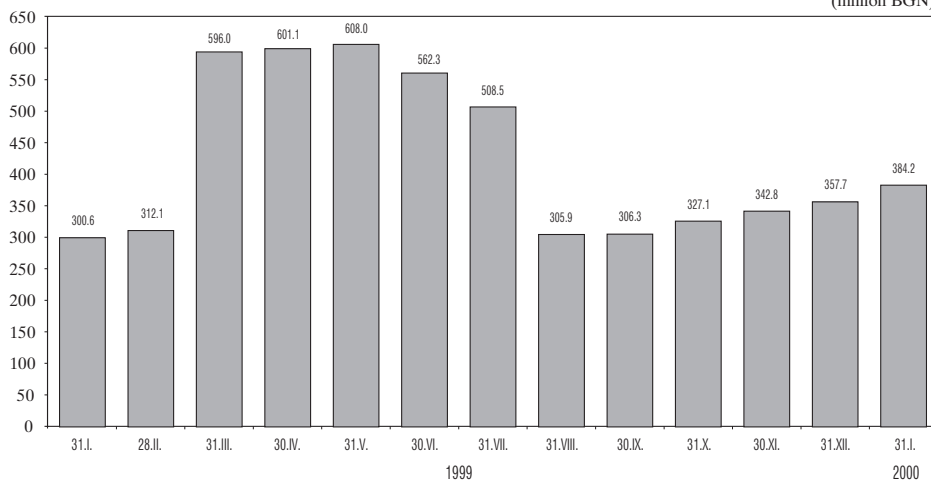
Sales of government securities issued under Regulation No. 5 for budget deficit financing accounted for 8,271.8 thousand. In January new sales of government securities in the amount of BGN 7,871.8 thousand and reverse repurchases of BGN 1,467.6 thousand were

registered. By end-January the volume of target government securities (earmarked for direct sale to physical persons) held by nonresidents remained unchanged: BGN 9.4 thousand.

As of 31 January 2000 USD-denominated long-term government bonds held by foreign investors increased by USD 0.21 million (0.24%), reaching USD 87.02 million. The relative share of these government securities on domestic debt comprised 88.49% in foreign investors' portfolios. The volume of sold EUR-denominated government securities was EUR 7.33 million (7.3%).

### Investments of Nonbank Financial Institutions, Companies and Individuals in Government Securities Issued for Structural Reform

(million BGN)

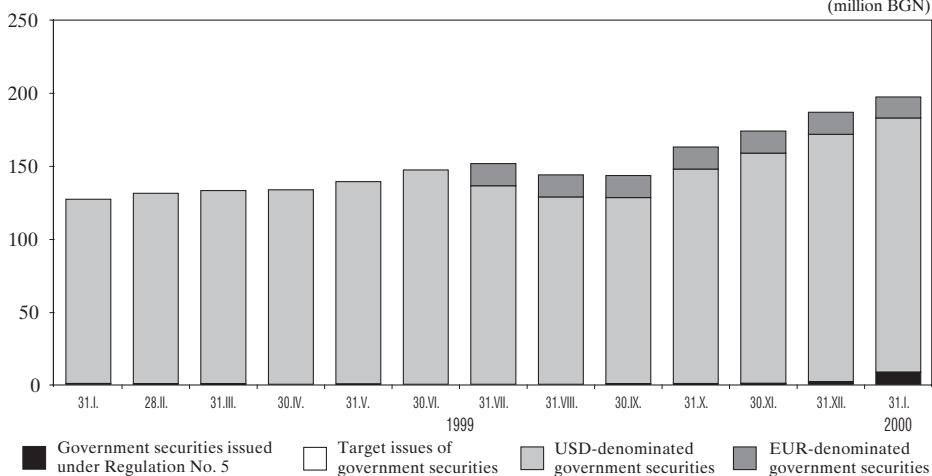


- Notes:**
1. The lev equivalent of government securities denominated in foreign currency is based on BNB exchange rate at the end of month.
  2. From January 2000 EUR-denominated government securities from issue No. 400 of 1999 are included.
  3. Preliminary data for January 2000.

Chart 16

### Government Securities in Foreign Investors' Portfolios

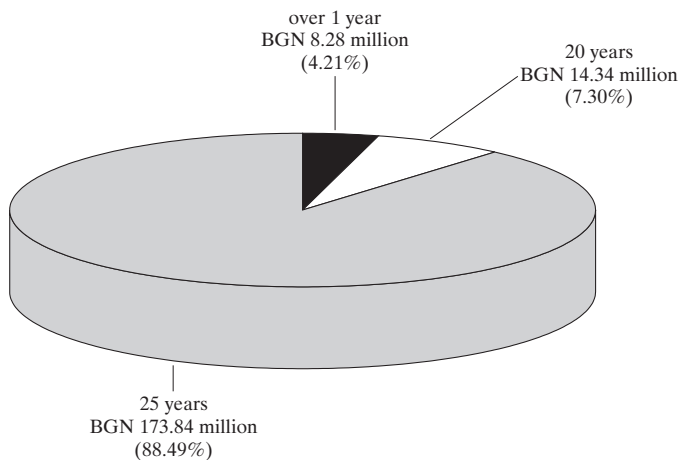
(million BGN)



**Note:** Preliminary data for January 2000.

Chart 17

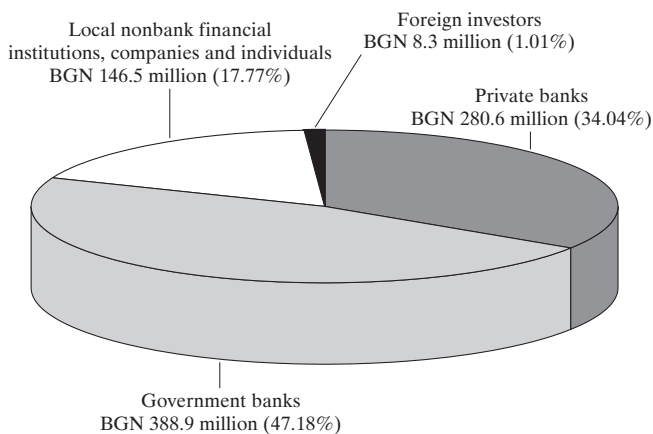
### Volume and Maturity Structure of Government Securities held by Foreign Investors by 31 January



*Note:* Preliminary data.

Chart 18

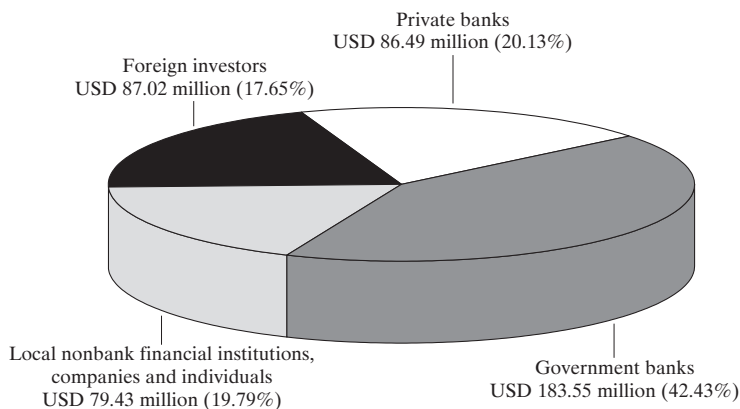
### Holders of Government Securities Issued under Regulation No. 5 and of Target Issues by 31 January



**Notes:** 1. Including frozen government securities by financial institutions.  
 2. Excluding guaranty government securities issued under the LSPDACB.  
 3. Preliminary data.

Chart 19

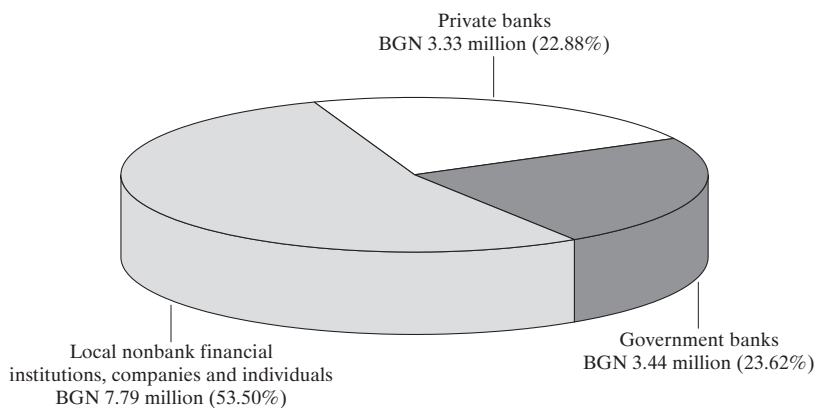
### Holders of USD-denominated Government Securities Issued under ZUNK by 31 January



**Notes:** 1. Including frozen government securities by financial institutions.  
2. Preliminary data.

Chart 20

### Holders of Lev-denominated Government Securities Issued for Structural Reform by 31 January



**Notes:** 1. Including frozen government securities by financial institutions.  
2. Preliminary data.

## Discount Treasury Bills

Issue No.	BG3010799008	BG3011099002	BG3011399006	BG3011699009	BG3012199009	BG3012499003	BG3012799006	BG3013099000
Issue date	03.02.1999	17.02.1999	04.03.1999	17.03.1999	07.04.1999	21.04.1999	05.05.1999	19.05.1999
Maturity date	02.02.2000	16.02.2000	02.03.2000	15.03.2000	05.04.2000	19.04.2000	03.05.2000	17.05.2000
Nominal value of the offer (thousand BGN)	20 000.00	15 000.00	15 000.00	15 000.00	15 000.00	15 000.00	10 000.00	10 000.00
Total nominal value of the bids received (thousand BGN)	37 350.00	34 036.70	43 240.00	31 790.00	42 960.00	42 660.50	28 000.00	17 250.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	15 000.00	15 000.00	15 000.00	15 000.00	15 000.00	10 000.00	10 000.00
Average price of the bids approved per BGN 100 (%)	93.76	93.91	94.03	94.09	94.32	94.54	94.82	94.94
Average discount per BGN 100 (%)	6.24	6.09	5.97	5.91	5.68	5.46	5.18	5.06
Average annual yield (%)	6.66	6.50	6.37	6.30	6.04	5.79	5.48	5.34
Effective annual yield (%)	6.67	6.50	6.37	6.30	6.04	5.79	5.48	5.34
Coverage coefficient	1.87	2.27	2.88	2.12	2.86	2.84	2.80	1.73

(continued)

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(continued)



(continued)

Issue No.	BG3016099007	BG3016299003	BG3016599006	BG3016799002	BG3016899000	BG3016999008	BG3017099006	BG3017199004
Issue date	29.09.1999	06.10.1999	20.10.1999	03.11.1999	03.11.1999	10.11.1999	17.11.1999	17.11.1999
Maturity date	29.03.2000	04.10.2000	18.10.2000	02.02.2000	01.11.2000	09.02.2000	16.02.2000	15.11.2000
Nominal value of the offer (thousand BGN)	5000.00	10 000.00	8000.00	5000.00	8000.00	5000.00	5000.00	8000.00
Total nominal value of the bids received (thousand BGN)	9900.00	21 455.00	11 850.00	4820.00	10 930.00	7330.00	5900.00	15 630.00
Total nominal value of the bids approved (thousand BGN)	5000.00	10 000.00	8000.00	4785.00	8000.00	5000.00	5000.00	8000.00
Average price of the bids approved per BGN 100 (%)	97.53	94.14	94.38	98.90	94.45	98.90	98.90	94.37
Average discount per BGN 100 (%)	2.47	5.86	5.62	1.10	5.55	1.10	1.10	5.63
Average annual yield (%)	5.08	6.24	5.97	4.46	5.89	4.46	4.46	5.98
Effective annual yield (%)	5.14	6.24	5.97	4.54	5.89	4.54	4.54	5.98
Coverage coefficient	1.98	2.15	1.48	0.96	1.37	1.47	1.18	1.95

(continued)

(continued)									
Issue No.	BG3017299002	BG301739900	BG3017499008	BG3017599005	BG3017699003	BG3017799001	BG3017899009	BG3017999007	
Issue date	24.11.1999	01.12.1999	01.12.1999	08.12.1999	15.12.1999	15.12.1999	22.12.1999	29.12.1999	
Maturity date	23.02.2000	01.03.2000	29.11.2000	08.03.2000	15.03.2000	13.12.2000	22.03.2000	29.03.2000	
Nominal value of the offer (thousand BGN)	5000.00	5000.00	8000.00	5000.00	5000.00	8000.00	5000.00	5000.00	
Total nominal value of the bids received (thousand BGN)	9750.00	7570.00	18 150.00	8010.00	9507.00	7285.00	7300.00	7885.00	
Total nominal value of the bids approved (thousand BGN)	5000.00	5000.00	8000.00	5000.00	5000.00	7285.00	5000.00	5000.00	
Average price of the bids approved per BGN 100 (%)	98.90	98.90	94.43	98.90	98.90	94.38	98.90	98.90	
Average discount per BGN 100 (%)	1.10	1.10	5.57	1.10	1.10	5.62	1.10	1.10	
Average annual yield (%)	4.46	4.46	5.91	4.46	4.46	5.97	4.46	4.46	
Effective annual yield (%)	4.54	4.54	5.92	4.54	4.54	5.97	4.54	4.54	
Coverage coefficient	1.95	1.51	2.27	1.60	1.90	0.91	1.46	1.58	

(continued)

(continued)

Issue No.	BG3018099005	BG3010000001	BG3010100009	BG3010200007	BG3010300005	BG3010400003
Issue date	29.12.1999	05.01.2000	05.01.2000	12.01.2000	19.01.2000	26.01.2000
Maturity date	28.06.2000	05.04.2000	03.01.2001	12.04.2000	19.04.2000	26.04.2000
Nominal value of the offer (thousand BGN)	5000.00	5000.00	20 000.00	5000.00	5000.00	5000.00
Total nominal value of the bids received (thousand BGN)	7305.00	6920.00	55 050.00	13 727.00	14 832.50	17 925.50
Total nominal value of the bids approved (thousand BGN)	5000.00	5000.00	20 000.00	5000.00	5000.00	5000.00
Average price of the bids approved per BGN 100 (%)	97.69	98.91	94.22	98.95	98.98	99.03
Average discount per BGN 100 (%)	2.31	1.09	5.78	1.05	1.02	0.97
Average annual yield (%)	4.74	4.42	6.15	4.26	4.13	3.93
Effective annual yield (%)	4.80	4.49	6.15	4.32	4.20	3.99
Coverage coefficient	1.46	1.38	2.75	2.75	2.97	3.59

## Treasury Bonds

Issue No./Date	11/30.01.95	23/02.03.95	49/04.05.95	200/31.05.95	72/20.07.95	85/14.09.95	106/30.11.95	113/28.12.95
Maturity date	30.01.2004	02.03.2000	27.04.2000	21.05.2002	13.07.2000	07.09.2000	23.11.2000	21.12.2000
Nominal value of the offer (thousand BGN)	25.00	500.00	1000.00	9320.25	2982.00	2000.00	800.00	1016.80
Total nominal value of the bids received (thousand BGN)	25.00	400.00	1000.00	9320.25	2982.00	960.00	220.00	1016.80
Total nominal value of the bids approved (thousand BGN)	25.00	400.00	1000.00	9320.25	2982.00	960.00	220.00	1016.80
Average price of the bids approved per BGN 100 (%)	100.00	100.00	98.00	100.00	96.43	93.81	92.86	92.34
Average discount per BGN 100 (%)	-	-	2.00	-	3.57	6.19	7.14	7.66
Interest rate	BIR	BIR	BIR	BIR	BIR	BIR	BIR	BIR
Coverage coefficient	1.00	0.80	1.00	1.00	1.00	0.48	0.28	1.00

(continued)

(continued)

Issue No.	BG2030396126	BG2031096121	BG2033297123	BG2034797121	BG2041097028	BG2030298116	BG2030398114	BG2030498112
Issue date	29.02.1996	30.05.1996	09.05.1997	16.05.1997	17.07.1997	12.02.1998	05.03.1998	19.03.1998
Maturity date	22.02.2001	23.05.2001	05.05.2000	10.05.2002	13.07.2000	10.02.2000	02.03.2000	16.03.2000
Nominal value of the offer (thousand BGN)	1000.00	800.00	35 000.00	20 000.00	35 000.00	5000.00	5000.00	5000.00
Total nominal value of the bids received (thousand BGN)	200.00	800.00	30 910.00	20 000.00	54 150.00	13 320.00	10 620.00	7970.00
Total nominal value of the bids approved (thousand BGN)	50.00	800.00	30 000.00	20 000.00	35 000.00	5000.00	5000.00	5000.00
Average price of the bids approved per BGN 100 (%)	91.50	100.00	100.00	100.00	97.75	96.11	95.54	95.46
Average discount per BGN 100 (%)	8.50	-	0.00	0.00	2.25	3.89	4.46	4.54
Interest rate	BIR	BIR+7	BIR+4	BIR+4	BIR	8.00	7.50	7.50
Coverage coefficient	0.20	1.00	0.88	1.00	1.55	2.66	2.12	1.59

(continued)

Issue No.	BG2030598119	BG2030698117	BG2030798115	BG2030898113	BG2030998111	BG2031098119	BG2031198117	BG2031298115
Issue date	02.04.1998	16.04.1998	30.04.1998	14.05.1998	28.05.1998	18.06.1998	02.07.1998	16.07.1998
Maturity date	30.03.2000	13.04.2000	24.04.2003	11.05.2000	22.05.2003	15.06.2000	26.06.2003	13.07.2000
Nominal value of the offer (thousand BGN)	5000.00	5000.00	1000.00	5000.00	2000.00	5000.00	2000.00	5000.00
Total nominal value of the bids received (thousand BGN)	8540.00	14 565.00	3605.00	14 041.00	3440.00	7825.00	2070.00	6450.00
Total nominal value of the bids approved (thousand BGN)	5000.00	5000.00	1000.00	5000.00	2000.00	5000.00	2000.00	5000.00
Average price of the bids approved per BGN 100 (%)	94.97	94.43	87.14	95.47	84.78	93.53	76.20	92.70
Average discount per BGN 100 (%)	5.03	5.57	12.86	4.53	15.22	6.47	23.80	7.30
Interest rate	7.50	7.00	8.00	7.00	8.00	6.00	7.00	6.00
Coverage coefficient	1.71	2.91	3.61	2.81	1.72	1.57	1.04	1.29

(continued)

(continued)

Issue No.	BG2031398113	BG2031498111	BG2031598118	BG2031698116	BG2031798114	BG2031898112	BG2031998110	BG2032098118
Issue date	30.07.1998	20.08.1998	03.09.1998	17.09.1998	01.10.1998	15.10.1998	29.10.1998	19.11.1998
Maturity date	26.07.2001	17.08.2000	30.08.2001	14.09.2000	27.09.2001	12.10.2000	25.10.2001	16.11.2000
Nominal value of the offer (thousand BGN)	1000.00	5000.00	1000.00	5000.00	1500.00	5000.00	1500.00	1000.00
Total nominal value of the bids received (thousand BGN)	2750.00	11 450.00	1400.00	6640.00	1155.00	7900.00	700.00	3700.00
Total nominal value of the bids approved (thousand BGN)	1000.00	5000.00	1000.00	5000.00	1055.00	5000.00	250.00	1000.00
Average price of the bids approved per BGN 100 (%)	89.60	92.97	87.85	92.45	86.89	91.71	83.48	93.32
Average discount per BGN 100 (%)	10.40	7.03	12.15	7.55	13.11	8.29	16.52	6.68
Interest rate	7.00	6.00	6.50	6.00	6.50	6.00	6.50	6.50
Coverage coefficient	2.75	2.29	1.40	1.33	0.77	1.58	0.47	3.70

(continued)

(continued)

Issue No.	BG2032198116	BG2032298114	BG2030099118	BG2030199116	BG2030299114	BG2030399112	BG2030499110	BG2030599117
Issue date	03.12.1998	17.12.1998	13.01.1999	27.01.1999	10.02.1999	24.02.1999	10.03.1999	24.03.1999
Maturity date	29.11.2001	14.12.2000	10.01.2001	24.01.2001	07.02.2001	21.02.2001	07.03.2001	21.03.2001
Nominal value of the offer (thousand BGN)	500.00	1000.00	5000.00	8000.00	10 000.00	15 000.00	15 000.00	15 000.00
Total nominal value of the bids received (thousand BGN)	1250.00	2647.02	13 053.00	20 849.60	24 021.03	30 397.50	48 340.00	39 280.00
Total nominal value of the bids approved (thousand BGN)	500.00	1000.00	5000.00	8000.00	10 000.00	15 000.00	15 000.00	15 000.00
Average price of the bids approved per BGN 100 (%)	95.55	99.82	99.60	99.38	99.66	99.74	99.91	100.05
Average discount per BGN 100 (%)	4.45	0.18	0.40	0.62	0.34	0.26	0.09	-0.05
Interest rate	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Coverage coefficient	2.50	2.65	2.61	2.61	2.40	2.03	3.22	2.62

(continued)



(continued)

Issue No.	BG2030699115	BG2030799113	BG2030899111	BG2030999119	BG2031099117	BG2031299113	BG2031399111	BG2031699114
Issue date	31.03.1999	14.04.1999	28.04.1999	29.04.1999	12.05.1999	26.05.1999	09.06.1999	23.06.1999
Maturity date	24.03.2004	11.04.2001	25.04.2001	22.04.2004	09.05.2001	23.05.2001	06.06.2001	20.06.2001
Nominal value of the offer (thousand BGN)	2000.00	15 000.00	20 000.00	1190.00	20 000.00	20 000.00	20 000.00	15 000.00
Total nominal value of the bids received (thousand BGN)	2795.00	47 594.30	42 870.00	1190.00	25 720.00	25 827.40	15 965.00	11 220.00
Total nominal value of the bids approved (thousand BGN)	2000.00	15 000.00	20 000.00	1190.00	20 000.00	20 000.00	15 965.00	11 220.00
Average price of the bids approved per BGN 100 (%)	86.35	100.84	99.88	78.39	99.98	98.98	97.18	93.55
Average discount per BGN 100 (%)	13.65	-0.84	0.12	21.61	0.02	1.02	2.82	6.45
Interest rate	9.00	9.00	8.00	9.00	8.00	8.00	8.00	8.00
Coverage coefficient	1.40	3.17	2.14	1.00	1.29	1.29	0.80	0.75

(continued)

(continued)											
Issue No.	BG2031799112	BG2031899110	BG2031999118	BG2032099116	BG2032199114	BG2032299112	BG2032399110	BG2032499118			
Issue date	14.07.1999	28.07.1999	11.08.1999	25.08.1999	08.09.1999	24.09.1999	13.10.1999	27.10.1999			
Maturity date	11.07.2001	25.07.2001	08.08.2001	22.08.2001	05.09.2001	21.09.2001	10.10.2001	24.10.2001			
Nominal value of the offer (thousand BGN)	12 000.00	10 000.00	10 000.00	8000.00	8000.00	8000.00	8000.00	10 000.00			
Total nominal value of the bids received (thousand BGN)	16 170.00	13 105.50	11 325.00	9080.63	16 600.00	34 781.00	39 093.50	28 485.05			
Total nominal value of the bids approved (thousand BGN)	12 000.00	10 000.00	10 000.00	8000.00	8000.00	8000.00	8000.00	10 000.00			
Average price of the bids approved per BGN 100 (%)	93.54	93.26	92.59	91.92	91.05	94.71	98.02	98.53			
Average discount per BGN 100 (%)	6.46	6.74	7.41	8.08	8.95	5.29	1.98	1.47			
Interest rate	8.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00			
Coverage coefficient	1.35	1.31	1.13	1.14	2.08	4.35	4.89	2.85			

(continued)

(continued)

Issue No.	BG2032599115	BG2032699113	BG2032799111	BG2032899119	BG2030000116
Issue date	10.11.1999	24.11.1999	08.12.1999	22.12.1999	19.01.2000
Maturity date	07.11.2001	21.11.2001	05.12.2001	19.12.2001	16.01.2002
Nominal value of the offer (thousand BGN)	10 000.00	10 000.00	10 000.00	10 000.00	28 000.00
Total nominal value of the bids received (thousand BGN)	24 059.00	29 786.00	40 252.00	37 050.00	87 580.00
Total nominal value of the bids approved (thousand BGN)	10 000.00	10 000.00	10 000.00	10 000.00	28 000.00
Average price of the bids approved per BGN 100 (%)	98.80	99.04	99.60	100.12	99.74
Average discount per BGN 100 (%)	1.20	0.96	0.40		0.26
Interest rate	9.00	9.00	9.00	9.00	8.00
Coverage coefficient	2.41	2.98	4.03	3.71	3.13

## Guaranty Government Securities

### Lev Guaranty Government Securities

Issue No.	BG2040296225	BG2040396223	BG2040596228	BG2044397227	BG2047397224	BG2047597229	BG2047497222	BG2047697227
Issue date	05.06.1996	12.06.1996	27.06.1996	18.08.1997	22.10.1997	22.10.1997	27.10.1997	05.11.1997
Maturity date	28.05.2003	04.06.2003	19.06.2003	09.08.2004	13.10.2004	13.10.2004	18.10.2004	27.10.2004
Principal (thousand BGN)	3428.57	3622.12	453.18	21 129.85	2330.52	7593.12	6732.26	10 349.77
Interest rate	BIR	BIR	BIR	BIR	BIR	BIR	BIR	BIR
Interest payments	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual
Repayments	equal annual	equal annual	equal annual	equal annual	equal annual	equal annual	equal annual	equal annual
Maturity (in years)	7	7	7	7	7	7	7	7

Issue No.	BG2040098225	BG2040298221	BG2040398229
Issue date	29.01.1998	12.02.1998	10.03.1998
Maturity date	20.01.2005	03.02.2005	01.03.2005
Principal (thousand BGN)	2446.93	2741.11	116.06
Interest rate	BIR	BIR	BIR
Interest payments	semiannual	semiannual	semiannual
Repayments	equal annual	equal annual	equal annual
Maturity (in years)	7	7	7

(continued)

(continued)

## Foreign Currency Guaranty Government Securities

Issue No.	BG2040097110	BG2040198116	BG2040297116	BG2040397114	BG2045697112	BG2047297119	BG2047797118	BG2047897116
Issue date	02.05.1997	29.01.1998	21.10.1997	21.10.1997	15.08.1997	18.08.1997	24.10.1997	05.11.1997
Maturity date	28.04.2000	25.01.2001	17.10.2000	17.10.2000	11.08.2000	14.08.2000	20.10.2000	01.11.2000
Principal (thousand USD)	8856.60	512.00	1442.50	659.50	2043.50	36 513.70	23 326.30	5342.50
Interest rate	LIBOR+2	LIBOR+2	LIBOR+2	LIBOR+2	LIBOR+2	LIBOR+2	LIBOR+2	LIBOR+2
Interest payments	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual
Repayments	one-off	one-off	one-off	one-off	one-off	one-off	one-off	one-off
	at maturity	at maturity	at maturity	at maturity	at maturity	at maturity	at maturity	at maturity
Maturity (in years)	3	3	3	3	3	3	3	3

Issue No.	BG2040498110	BG2040598117	BG2040698115
Issue date	13.02.1998	13.03.1998	11.05.1998
Maturity date	09.02.2001	06.03.2001	07.05.2001
Principal (thousand USD)	3128.60	53.50	1013.20
Interest rate	LIBOR+2	LIBOR+2	LIBOR+2
Interest payments	semiannual	semiannual	semiannual
Repayments	one-off	one-off	one-off
	at maturity	at maturity	at maturity
Maturity (in years)	3	3	3

LIBOR – average six-month LIBOR (London Interbank Offered Rate) quoted by the Reuters for the preceding interest period.  
STRIPS – Separate Trading of Registered Interest and Principal of Securities.

In compliance with Article 8 and Article 9, para. 1, items 1 and 2 of the LSPDACB, the Ministry of Finance issues lev and foreign currency guaranty government securities. These are issued under the following conditions:

- (a) in leva – 7-year redemption term; interest – BIR for the respective period, payable semiannually; redemption schedule – equal annual installments.
  - (b) in US dollars – 3-year redemption term; interest – six-month LIBOR plus 2 percent, payable semiannually; redemption schedule – one-off at end-period; transferable only between commercial banks based in this country. Interest coupons are separated from the principal and are freely transferable, provided that the MF and the BNB approve a STRIPS program for the banks applying to trade in interest coupon derivative financial instruments, to be registered in BNB Government Securities Depository.
- The Law on Bank Deposit Guaranty (published in the State Gazette, issue 49 of 29 April of 1998) repeals the Law on State Protection of Deposits and Accounts with Commercial Banks in Respect Whereof the BNB Has Petitioned the Institution of Bankruptcy Proceedings. The repealed law is applicable to deposits and accounts with banks which had been declared insolvent before the enforcement of the Law on Bank Deposit Guaranty, as well as to the special fund for state protection of deposits and accounts and guaranty government securities service.
- Principals of lev guaranty government securities are based on actual data as of 31 January 2000.

## Government Securities Issued to Settle Nonperforming Credits of State-owned Companies to Banks

Legal regulation	CMD 244/91	CMD 186/93	Art. 4 ZUNK/93	Art. 5 ZUNK/93	CMD 3/94	CMD 89/95
Issue No.	BG 2000192224	BG 2009993226	BG 2009893228	BG 2009794228	BG 2009693222	200/1995
Issue date	01.01.1992	01.07.1993	01.10.1993	01.01.1994	01.12.1993	31.05.1995
Maturity date	01.01.2011	01.07.2017	01.10.2018	01.01.2019	01.12.2018	21.05.2002
Maturity (years)	19	24	25	25	25	7
Grace period (years)	4	4	5	5	5	4
Redemption term (years)	15	20	20	20	20	3
Repayments	15 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments	6 equal semiannual installments
Principal (thousand)	3026.91 (BGN)	2301.90 (BGN)	8346.69 (BGN)	436 487.70 (USD)	884.77 (BGN)	7766.90 (BGN)
Interest payments	semiannual	semiannual	semiannual	semiannual	annual	semiannual
1999 interest	BIR+1	2/3 BIR	2/3 BIR	LIBOR*	2/3 BIR	BIR

\* Six-month LIBOR of the US dollar for the preceding interest period; the amount of interest coupon is announced by the Minister of Finance three days after the beginning of each interest period.

Principals are based on actual data as of 31 January 2000.

Long-term government bonds transferred on the MF account with the BNB are included in the debt amount under ZUNK.

Pursuant to CM Decree No. 221 of 1995 holders of long-term government bonds issued under ZUNK, CM Decrees No. 244 of 1991, No. 186 of 1993, No. 3 of 1994 may be used as legal tender in privatization transactions.

Pursuant to CM Decree No. 22 of 1995, long-term government bonds issued under ZUNK may be used to repay obligations of state-owned enterprises, firms and commercial companies to the government, transformed under Article 10 of ZUNK. In meeting these obligations, long-term government bonds are valued at their nominal for the bonds denominated in US dollars, and 80% for those denominated in levs.

## EUR-denominated Government Securities

Issue No.	BG2040099223	BG3013799021	BG2031499127	BG2031599124
Issue date	01.07.1999	16.06.1999	16.06.1999	16.06.1999
Maturity date	01.01.2019	15.03.2000	13.09.2000	11.04.2001
Principal (thousand EUR)	24 416.67	6000.00	10 800.00	7000.00
Interest rate	EURIBOR <sup>1</sup>	EURO LIBOR <sup>2</sup> + 3	EURO LIBOR <sup>3</sup> + 3	EURO LIBOR <sup>3</sup> + 3
Interest payments date	semiannual	15.03.2000	14.06.2000; 13.09.2000	14.06.2000; 11.04.2001
Repayments	20 equal annual	one-off at maturity	one-off at maturity	one-off at maturity

EUR-denominated government securities are issued pursuant to § 10 of the Transitional and Final Provisions of 1999 State Budget Law of the Republic of Bulgaria.

<sup>1</sup> 6-month EURIBOR for the preceding interest period; the amount of interest coupon is announced by the Minister of Finance three days after the beginning of each interest period.

<sup>2</sup> 6-month EURO LIBOR quoted on 15 June 1999 at 11.00 am London time.

<sup>3</sup> 6-month EURO LIBOR quoted on 15 June 1999 and respectively on 13 June 2000 at 11.00 am London time.

EUR-denominated issue BG 2040099223 has the same status as USD-denominated issue BG 2009794228 (issued under Article 5 of ZUNK).

The principal of issue BG 2040099223 is based on actual data as of 31 January 2000.

## SALES OF GOVERNMENT SECURITIES FOR PARTICIPATION IN PRIVATIZATION TRANSACTIONS

In January long-term government bonds issued under Article 5 of ZUNK, totaling USD 16.4 thousand, were sold for participation in privatization. Pursuant to Article 5 of the Regulation on participation in privatization of holders of long-term government bonds issued under the terms of ZUNK, CM Decrees Nos. 244 of 1991, 186 of 1993 and 3 of 1994 (government securities for structural reform), these government securities were transferred to the MF account for participation in 5 privatization trans-

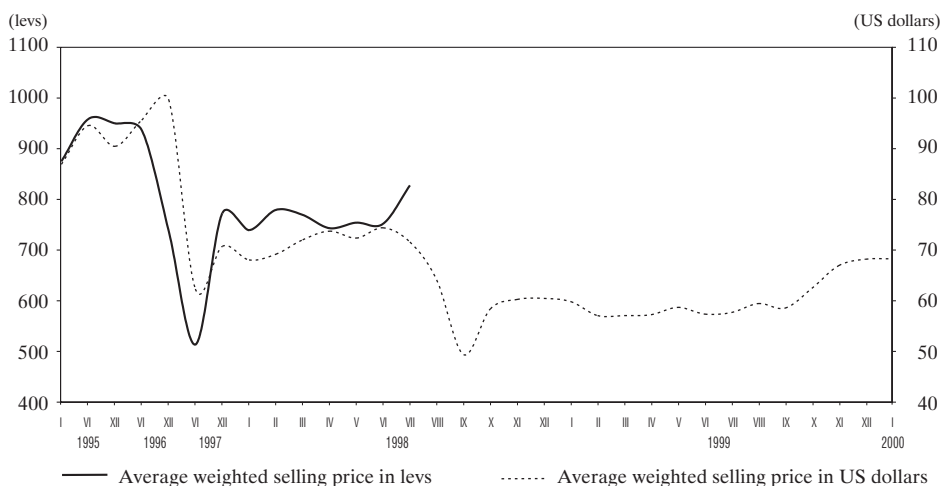
actions as legal tender; they were canceled at the end of January.

The average weighted price of the bonds issued under Article 5 of ZUNK and sold for participation in privatization was USD 68.31 per USD 100 nominal value (Chart 21).

In January no transfer transactions in government securities from issue No. 98 of 1993 (to be used as legal tender in privatization transactions) were registered.

Chart 21

### Price Dynamics of Government Securities Issued under Articles 4 and 5 of ZUNK and Sold to Companies and Individuals for Participation in Privatization





In January pursuant to Article 1 of the Regulation on the procedure for utilization of long-term government bonds issued under ZUNK for repayment of debts to the government arising under

the same law (published in the State Gazette, issue 12 of 3 February 1995), maturing long-term government bonds of USD 830 thousand (issued under Article 5 of ZUNK) were used.

### Volume of Long-term Government Bonds Used as Legal Tender in Privatization Transactions

	Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
I. Government securities in BGN (thousand BGN)	1994					19.20	0.10	501.40	110.70	177.00	76.70	609.80	28.30	1523.20
	1995	88.20	257.20	65.00	35.50	143.60	132.40	262.90	148.90	59.80	54.90	242.50	354.90	1845.80
	1996	5.70	53.90	16.50	113.90	16.60	147.80	19.90	46.00	121.30	309.60	541.20	1151.20	2543.60
	1997	210.70	1374.90	114.90	1259.35	4354.90	744.30	500.80	175.00	209.10	184.50	135.60	144.70	9408.75
	1998	3916.30	17.18	238.60	13.70	60.00	90.72	27.30	3.96	0.00	11.47	0.00	0.00	4379.23
	1999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2000	0.00												0.00
II. Government securities in USD (million USD)	1994													
	1995						0.80	0.10	0.10	0.90	1.70		3.90	7.50
	1996	0.18	0.23	0.32	2.22	0.04	2.47	0.20	2.21	0.22	4.29	1.22	0.76	14.37
	1997	4.96	0.68	4.10	0.11	1.54	1.41	6.22	1.73	3.86	2.63	2.15	10.26	39.64
	1998	31.50	4.79	11.00	13.00	13.15	10.59	5.18	13.78	4.77	3.60	4.55	2.81	118.72
	1999	9.50	1.61	5.34	0.67	0.61	0.21	0.66	0.03	0.04	2.00	0.03	0.04	20.74
	2000	0.02												0.02
II. Government securities in EUR (thousand EUR)	1999							0.00	2.79	0.00	0.00	0.00	0.00	2.79
	2000	0.00												0.00

- Notes:**
1. Government securities in BGN include long-term government bonds issued under Article 4 of ZUNK, CM Decrees No. 186 of 1993, and No. 3 of 1994.
  2. Government securities in USD include long-term government bonds issued under Article 5 of ZUNK and denominated in US dollars.
  3. Government securities in EUR include long-term government bonds denominated in euro and issued pursuant to § 10 of Transitional and Final Provisions of 1999 SBL.

# 5

## GOVERNMENT SECURITIES PRIMARY DEALERS AND REUTERS PAGES FOR GOVERNMENT SECURITIES QUOTATIONS

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Pursuant to Article 4, para. 1 of Regulation No. 5 of the MF and BNB the Minister of Finance and the Governor of the Bulgarian National Bank approved the government securities primary dealers, as follows:

### FOR THE PERIOD 1 JANUARY – 30 JUNE 2000

BIOCHIM	CBBB 01-03
BNP – DRESDNERBANK	BSBD 01-03
BULBANK	BGTB 01-03
BULGARIAN POST BANK	BPBB 01-03
BULGARIA-INVEST	BGIN 01-03
BRIBANK	RIBB 01-03
DSK BANK	SSBG 01-03
SII INVEST	SIIB 01
EVROBANK	EBSF 01-03
SG EXPRESSBANK	EBVB 01
NATIONAL BANK OF GREECE	NBGS 01-03
NEFTINVESTBANK	OBGB 01-03
ING BANK	INBS 01-03
UNITED BULGARIAN BANK	UBBB 01-03
MUNICIPAL BANK	SMBK 01-03
FIRST INVESTMENT BANK	BFIB 01-03
RAIFFEISENBANK	RBBS 01-03
ROSSEXIMBANK	REBS 01
SOCIETE GENERALE	SGBG 01
HEBROS	AGBG 01-03
UNIONBANK	UNBS 01-03
BULBROKERS	BULB 01-03
EUROFINANCE FINANCIAL HOUSE	EUFI 01-03
ELANA FINANCIAL BROKERAGE HOUSE	ELAN 01-03
SUMMARIZED QUOTATION PAGES	BGTSY=
	BGZUNK=
BNB pages containing information on the government securities interbank market	BGBNB 5
	BGBNB 7
	BGBNB 9

# **CRITERIA FOR EVALUATION AND SELECTION OF GOVERNMENT SECURITIES PRIMARY DEALERS AND LETTERS OF THE MINISTRY OF FINANCE COORDINATED WITH THE BNB REGARDING CRITERIA APPLICATION**

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APPROVED BY  
MURAVEI RADEV  
MINISTER OF FINANCE

APPROVED BY  
SVETOSLAV GAVRIISKI  
GOVERNOR OF THE BNB

## **CRITERIA for Evaluation and Selection of Government Securities Primary Dealers**

1. Primary dealers of government securities shall be banks or other investment intermediaries by virtue of the Law on Public Offering of Securities (LPOS).

2. Commercial banks and investment intermediaries which are not banks shall be in a good financial state and meet requirements of capital adequacy, liquidity and other criteria of the Banking Supervision Department and Securities State Commission.

3. Commercial banks or investment intermediaries which are not banks shall not be primary dealers provided administrative enforcement measures for a gross or regular violation of the Law on Banks, LPOS and the regulatory acts on their enactment have been imposed on them.

4. The paid-in capital shall be at least:

- for commercial banks: the capital required for conducting banking transactions in the country under Regulation No. 8 on the Capital Adequacy of Banks;
- for investment intermediaries: BGN 400 (four hundred) thousand.

5. Investment intermediaries which have not been primary dealers shall submit a report on government securities transactions concluded by them for the preceding six-month period.

6. Primary dealers shall participate at the auctions organized by the BNB meeting the following conditions:

- to tender amounts corresponding to their resources (all bids on their own behalf or for their or other persons' account shall be taken into account), but no less than 3 (three) percent of government securities offered for sale in the preceding six-month period;

- approved bids (made for their own or for the account of their client) shall be no less than 1 (one) percent of total government securities issued for the current month.

7. Primary dealers shall submit to the BNB and MF the following information:

- Brief analytical assessment of government securities market development throughout the past quarter which shall be prepared in a form determined by the BNB and MF. Information shall be sent by mail to the BNB and MF within ten working days after expiry of the period.

- Statement of prices of transactions concluded under Article 9, para. 2 of Regulation No. 5 which shall be sent monthly to the BNB within five working days after expiry of the period.

- Bid and offer quotations for each new government securities issue shall be sent daily to the BNB, starting from its issuance until next auction for the same maturity issue<sup>1</sup>. Quotations shall show at what price in 4 p. m. local time primary dealer would buy or sell the relevant government securities issue, no matter whether he owns it or not. Quotations shall be received at the BNB no later than 5 p. m. on the day for which they refer and should be sent as determined by the MF and BNB.

8. When applying for primary dealers, the applicants shall present the tariff on charges and commissions applied by them on government securities transactions and in case of change they should inform the BNB within five working days after the tariff has entered into force. The tariff shall be displayed in public in the offices where government securities transactions are conducted.

9. Primary dealers shall have internal rules for transactions in government securities and an effective system of internal control over these transactions.

10. Primary dealers shall maintain a portfolio in government securities<sup>2</sup> permanently available according to the register at the BNB for the corresponding period in order to reduce their risk exposure in an amount as follows:

- for commercial banks – corresponding to their resources but at least 5 (five) percent of attracted resources as determined under the procedure for calculation of minimum reserve requirements with the BNB;

- for investment intermediaries – 50 percent of the paid-in capital.

11. Primary dealers shall submit accounting report for the last two years preceding the year of application certified by chartered accountants<sup>3</sup> and regularly submit semiannual and annual accounting reports after including them in the list of primary dealers.

12. Primary dealers shall participate actively in government securities secondary market with volumes corresponding to their resources under the following conditions:

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<sup>1</sup> Quotations for interest-bearing government securities issues shall be reported at 'net price', i. e., the nominal price less interest accrued.

<sup>2</sup> Government securities issued under the procedure of Regulation No. 5 and target issues (including government securities sold to clients under the procedure of Article 15 of Regulation No. 5).

<sup>3</sup> This requirement refers only to investment intermediaries which are not banks.

- They should announce daily bid and offer quotations for each new government securities issue<sup>4</sup>, starting from its issuance until next auction for the same maturity issue.

- Quotations should not impair market liquidity and limit it; they shall be announced by Reuters or other information system for government securities interbank market and at tills.

13. Primary dealers shall have qualified service back office personnel, automated subregister under Article 17 of Regulation No. 5 and all necessary communication equipment (telephone, telex, fax machines, e-mail under Reuters information system).

14. Primary dealers shall obtain from clients (physical or legal persons) competitive and noncompetitive bids for participation in auctions organized by the BNB.

15. Applicants shall be included in the primary dealers list on the basis of an application in writing to the Commission under Article 4, para. 1 of Regulation No. 5 on the Terms and Procedure for Issuance, Acquisition and Redemption of Book-entry Government Securities.

16. The Commission reserves its right to remove from the list of government securities primary dealers commercial banks and investment intermediaries for which noncompliance with the criteria for evaluation and selection of government securities primary dealers has been ascertained on a monthly basis.

In case investment intermediaries are selected for primary dealers, the BNB shall open their settlement accounts which may be used only for payment of government securities transactions. Settlement accounts shall be closed after investment intermediaries have been removed from primary dealers list.

These Criteria for Evaluation and Selection of Government Securities Primary Dealers are issued pursuant to Article 4, para. 2 of Regulation No. 5 of 1998 of the MF and BNB on the Terms and Procedure for Issuance, Acquisition and Redemption of Book-entry Government Securities (published in the State Gazette, issue 89 of 3 August 1998; amended, issue 43 of 11 May 1999, issue 106 of 3 December 1999, issue 8 of 28 January 2000).

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<sup>4</sup> Quotations for interest-bearing government securities issues shall be reported at 'net price', i. e., nominal price less interest accrued. For the issues of government securities which primary dealers do not own, it is not necessary to announce offer quotations.

**LETTERS of the MF Nos. 17-00-0115 of 29 January 2000 and 91-00-0030  
of 9 February 2000 Coordinated with the BNB Regarding Application of the  
Criteria for Evaluation and Selection of Government Securities Primary Dealers**

**TO PRIMARY DEALERS OF  
GOVERNMENT SECURITIES**

Dear Sirs,

We hereby inform you that selection of government securities primary dealers for the period after 1 February 2000 on the basis of the criteria adopted pursuant to Article 4, para. 2 of Regulation No. 5 of 1998 (amended, State Gazette, issue 106 of 1999; issue 8 of 2000) and approved by the Governor of the BNB and the Minister of Finance on 20 January 2000 will be based on the evaluation of commercial banks under item 2 of the criteria, depending on the fulfillment of financial indicators set in Letter No. 0401-0060 of 20 January 2000 by the Banking Supervision Department, applying the principle of stricter requirements as follows:

1. Primary liquidity: over 12% (cash/attracted funds).
2. Secondary liquidity: over 25% (cash, receivables from financial institutions, three-month government securities/attracted funds).
3. Own capital: under the Law on Banks.
4. Capital adequacy: for evaluation of the capital position requirements of Regulation No. 8 on total capital adequacy, primary capital adequacy, degree of assets coverage, as well as requirements for minimum own capital (capital base) shall be applied.
5. Classified receivables as per Regulation No. 9: under 50% of their total amount.
6. Within the last 12 months the share of standard credits extended to nonfinancial institutions shall not be less than the total amount of the credits extended during the period.

*Note:* Information on this indicator shall be taken from the monthly credit portfolio using *Rest sum* column.

7. The bank has not used overdraft for the last three months and exceeded the admissible amount of minimum reserve requirements used.

8. Report on banks' profitability and trends.

9. When taking a final decision, Banking Supervision Department shall analyze all information available on applying commercial banks obtained from inspections and off-site supervision.

TO EXECUTIVE DIRECTORS  
OF GOVERNMENT SECURITIES  
PRIMARY DEALERS

Dear Sirs,

With regard to enforcement of the criteria for evaluation and selection of government securities primary dealers approved on 20 January 2000 by the Minister of Finance and the Governor of the BNB under Article 4, para. 2 of Regulation No. 5 of the MF and BNB (sent by Letter No. 9100-0012 of 31 January 2000), we inform you that while selecting government securities primary dealers for the period after 1 July 2000 fulfillment of the criteria will be evaluated as follows:

**In terms of items 2, 3 and 4.** On the basis of information and indicators determined by the Banking Supervision Department of the BNB (sent by Letter of the MF No. 17-00-0115 of 28 January 2000) and the Securities State Commission.

For additional information regarding fulfillment of indicators under items 2, 3 and 4, you should contact Off-site Supervision and Analyses Directorate at the BNB and Securities Markets Directorate, Licenses and Control of Investment Intermediaries Division in the Securities State Commission.

**In terms of item 5.** On the basis of consolidated report on government securities transactions concluded for the respective period on the primary and secondary markets (Appendix No. 1). The report should be prepared by investment intermediaries which are not government securities primary dealers as of the date of selection and should contain data on the volume of government securities bought and sold by them for each month of the period confirmed by the primary dealer keeping the register under Article 14, para. 1 of Regulation No. 5 of the MF and BNB.

**In terms of item 6.** On the basis of information from the register maintained in the BNB on primary dealers' participation at government securities auctions held during the respective period. The proportion between bids received from primary dealers and government securities offered by the Ministry of Finance, as well as the proportion between the approved bids of primary dealers and the total amount of government securities issued **are to be monitored on an average basis** for the period and not for each individual auction. (Please, note that in item 6 of the criteria sent to you 'current month' is to be replaced by 'respective period'.)

Information on fulfillment of the indicator under item 6 will be sent to primary dealers monthly.

**In terms of item 7.** On the basis of analytical evaluations on government securities market development (Appendix No. 2) the reports on prices of transactions concluded under Article 9, para. 2 of Regulation No. 5 (Appendix No. 3 and quotations of bid and offer prices, Appendix No. 4) sent in the respective term.

Primary dealers which have not concluded transactions under Article 9, para. 2 of Regulation No. 5 shall inform the BNB in writing.

**In terms of items 8, 9 and 13.** On the basis of data from examinations carried out jointly by the MF and BNB.

**In terms of item 10.** On the basis of the proportion between government securities held by primary dealers – commercial banks, according to data from BNB register and the amount of attracted funds determined under the procedure for calculation of minimum reserve requirements with the BNB. The proportion is equal to the sum total of government securities held by commercial banks for each day of the corresponding period divided by the number of days, to the sum total of attracted funds for each day of the same period divided by the number of days.

For primary dealers – investment intermediaries, which are not banks, the following proportion shall be calculated: the average daily amount of government securities holdings set under the terms of commercial banks – primary dealers, to the sum total of the paid-in capital as of 30th of each month of the period divided by the number of months.

For investment intermediaries which are not primary dealers as of the date of selection, the proportion under item 10 is established by dividing the amount of government securities held by them as of the preliminary set date by the Commission for primary dealers selection by commercial banks' attracted funds according to balance-sheet data as of the same date (commercial banks) and for investment intermediaries which are not banks, by the amount of the paid-in capital as of the same date.

Primary dealers will be informed monthly on the fulfillment of the indicator under item 10.

**In terms of item 11.** On the basis of Informatics and Communications Directorate data in the BNB and the Securities State Commission.

**In terms of item 12.** On the basis of information from the registers maintained at the BNB on the volume of transactions in government securities concluded by primary dealers in the secondary market during the respective period and daily information obtained from Reuters primary dealers pages on bid and offer prices of newly issued government securities quoted by them.

We recommend primary dealers to follow monthly information on the average volume of transactions in government securities concluded in the secondary market (depending on the number of primary dealers) published in BNB Secondary Market of Government Securities monthly bulletin (page 14).

Requirements for daily quotations of government securities issued for structural reform remain unchanged.

**In terms of item 14.** On the basis of information from BNB register on competitive and noncompetitive bids sent by primary dealers on their own behalf or on the account of their clients at the auctions held during the respective period.

The MF and BNB will jointly control the manner these services are offered to the primary dealers' clients.

We hereby inform you that the criteria under items 7 and 12 enter into force as of the moment of receiving this letter.



## REPORT

on transactions in government securities concluded in the primary and secondary  
markets by .....  
(name of the investment intermediary)

monthly for the period. ....

Month		(BGN)	
Issue No.	Purchases (nominal value)		Sales (nominal value)
	Primary market	Secondary market	
Monthly, total			

Date: .....

Signature ..... Signature .....  
(Name and position of the authorized officials)

**ANALYTICAL EVALUATION OF DEVELOPMENTS  
IN GOVERNMENT SECURITIES MARKET**

1. Information about developments in government securities market and participation in it. Assessment of government securities primary market developments.
2. Comments on the trends of government securities secondary market. Participation. Transactions concluded and their classification by type (foreign investors, local insurance companies, pension funds, physical persons and other financial intermediaries).
3. New ideas concerning developments in government securities primary and secondary markets.
4. Recommendations on MF issuing policy: new issues of government securities; other recommendations contributing to government securities market development.
5. Current problems related to the activity of government securities primary dealers as a result of developments in government securities market.

Date: .....

Signature .....      Signature .....  
(Name and position of the authorized officials)

## REPORT

on prices of transactions concluded under Article 9, para. 2  
of Regulation No. 5 of the MF and BNB

by ..... in .....  
(primary dealer) (month)

Value date	Issue	Nominal value	Transferor	Acquirer	Price per USD 100/BGN

Date:.....

Signature ..... Signature .....  
(Name and position of the authorized officials)

**QUOTATIONS OF GOVERNMENT SECURITIES PRIMARY DEALERS  
PURSUANT TO ITEM 7 OF THE CRITERIA FOR EVALUATION AND  
SELECTION OF GOVERNMENT SECURITIES PRIMARY DEALERS**

Issue type	Issue No./Year	Bid price	Offer price
3 months			
6 months			
12 months			
2 years			
3 years			

*Note: Government securities holdings are indicated by \* or another sign by writing a three-figure number of the issue and year. For instance: issue 315/99.*

Date: .....

Signature .....      Signature .....  
(Name and position of the authorized officials)