MINISTERUL FINANŢELOR
AL REPUBLICII MOLDOVA

Investor’s guide to Government Securities

Investing for maximum safety, predictability and high liquidity

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Introduction

The brochure is intended for those who have an interest in investing in government securities (hereinafter GS) on the domestic market of the Republic of Moldova and would like to know more about the essential features of these financial instruments.

In the Republic of Moldova, the GS market was established in 1995. Since then, the Ministry of Finance, as the issuer of GS, in cooperation with the National Bank of Moldova, as the fiscal agent of the state, have undertaken several measures in creating conditions for developing a modern financial market:

- organization of the primary market of GS based on principles of major transparency and fair competition of the participants;
- establishing the primary dealers system in order to ensure the underwriting of the GS and to develop the secondary market of GS;
- ensuring a high level of safety and security of the registration of the ownership identity over the GS in the system held by the Central Securities Depository.
- In 2024, the eVMS.md platform was launched, allowing investors to purchase GS directly from the issuer — the Ministry of Finance — without going through intermediaries (primary dealers) and without paying any commissions.

What are the government securities?

Government securities are financial instruments that attest the central government debt in the form of treasury bills and government bonds and represent short and long-term government loans in national currency.

By investing in GS, you lend certain amounts of money to the government in order to support the development of the country's economy and investment activity, and at maturity, the government will pay the invested amount and an interest.

If you invest in treasury bills, then you will get interest at maturity. If you invest in government bonds, you will get interest periodically (semiannually) in the form of coupons.

Treasury bills are issued at a discount and redeemed at the face value at maturity. The maturity of treasury bills is up to one year.

Government bonds are issued at discount, at face value, or with premium, with fixed or floating interest rate and are redeemed at face value at maturity. The maturity of government bonds is one year and more.

Why should you invest in government securities?

Maximum safety
GS are very safe financial instruments, because they benefit from the full guarantee of the Republic of Moldova.
Since the establishment of the GS market, the state has never withheld payment for the principal or interest of the GS.

High liquidity
Because GS are traded on the secondary market, you can obtain funds by selling them before maturity. You also earn interest for each day you hold them in your portfolio.

Long term collaboration with the most reliable partner
No risk in terms of the loyalty, trust and security of your investment partner.

Tax advantage for individuals
Starting on August 15, 2024, income earned by resident individuals in the form of capital gains or interest on GS is exempt from taxation, in accordance with the Tax Code No. 1163/1997.

Flexible investment options
Individuals may invest both on the primary market, through primary dealers, and directly via the eVMS.md platform

How to invest in government securities on the primary market?

GS are issued in the book-entry form (no special paper forms are printed) and are identified by a unique state registration number (ISIN).

The placement of GS on the primary market is performed by the National Bank of Moldova, as fiscal agent of the state, through auctions, according to the conditions determined and regulated by the Ministry of Finance as issuer:

- *in the first and third weeks* of each month, on **TUESDAY**, for treasury bills;
- *in the second week* of each month, on **WEDNESDAY**, for government bonds.

The Ministry of Finance and the National Bank of Moldova publish on their official web pages the Calendar of GS sale auctions and the Communiques of the placement /auction results of GS.

www.mf.gov.md/ro/datoria-sectoruluipublic/piața-primară-a-vms/

www.bnm.md/ro/content/piata-valorilormobiliare-de-stat

The bids for the purchase GS can be either competitive, where in addition to the value you want to be awarded, you also indicate the price / margin you are willing to pay, or non-competitive, where you indicate only the value you want to be awarded.

Competitive bids are allocated, using one of the following methods:

- *multiple price auction method*, used in selling auctions of T-Bills and GB with fixed interest rate;
- *single price auction method*, used in selling auctions of GB with floating interest rate.

In the **non-competitive bidding**, the bids are allocated at the weighted average price of the bids satisfied in the competitive bidding within the volume announced in the non-competitive bidding.

Bids for purchasing/selling GS can be submitted to the primary dealer **no later than one day before the auction**.

For buying/selling GS you can contact one of the following primary dealers:

BC „MOLDINDCONBANK'' S.A.
BC„MOLDOVA-AGROINDBANK'' S.A.
BC „VICTORIABANK'' S.A.
OTP BANK S.A.
FINCOMBANK'' S.A.
BC „ENERGBANK'' S.A.
BC „EXIMBANK '' S.A.
BC „EUROCREDITBANK'' S.A.

Steps to purchase Government Securities

1. **Contact the primary dealer**
   Request information about active GS issues
2. **Choose the type of GS**
   Review the Communique of GS placement, for full details about the issue
3. **Submit the purchase request**
   Complete the purchase application using the form provided by the dealer
4. **Make the payment**
   Open a current account with the primary dealer and deposit the required amount
5. **Receive confirmation**
   The dealer will inform you about the auction results and the settlement

At the maturity or interest payment date, the primary dealer will transfer to your account the amount of the redeemed GS at face value and the interest on GS.

How to invest in government securities through the eVMS.md platform?

Access to the platform is based on a user account. You are eligible to create an account if you meet the following conditions:

- you are a citizen of the Republic of Moldova;
- you are at least 18 years old;
- you hold a valid identity document;
- you have a bank account in Moldovan lei with a bank in the Republic of Moldova;
- you have a qualified electronic signature.

Important: *More details on how to obtain a qualified electronic signature can be found* here.

Creating a user account is simple and takes only a few minutes.

1. Go to https://evms.md/ and select "Register and start investing" - a button available directly on the homepage.
2. You will be redirected to the government portal MPass, where you authenticate using your electronic signature.
3. After authentication, accept the platform's terms and conditions and complete the registration form.
4. Once your information has been verified, your account will be activated. From that moment, you will have full access to all platform features.

GS issuances through the eVMS.md platform are available on an ongoing basis, each having a subscription period established by the Ministry of Finance. During this period, individuals may submit purchase applications and make payments online.

The Ministry of Finance publishes on its official web page the Calendar of GS sales through subscription, the GS placement Communique, and the Communique on the results of GS subscriptions:

https://mf.gov.md/en/datoria-sectorului-public/pia%C8%9Ba-primar%C4%83-a-vms/comunicate-privind-plasarea-vms-prin-subscriere

Steps to purchase Government Securities

1. **Access the eVMS.md platform**
   In the "Ongoing Subscriptions" section, you can view all active GS issues
2. **Choose the type of GS**
   Review the Communique of GS placement, for full details about the issue
3. **Submit your purchase request**
   Enter the number of securities you wish to purchase and confirm your order
4. **Receive the order code**
   You will receive a payment code required to complete the transaction
5. **Complete the payment**
   Make the payment using internet banking or mobile banking

Important: The payment must be made from the bank account registered on the platform. If you use a different account, the payment will be automatically rejected.

The **settlement date** is the day on which the Ministry of Finance records the GS purchased during the subscription period in the investors' accounts on the platform. As a rule, this takes place on the first business day after the close of the subscription period.

At maturity or on the interest payment date, payments are automatically transferred to the bank account registered on the eVMS.md platform. The bank account designated for receiving payments may be changed through the government citizen portal MCabinet, in the section dedicated to eVMS.

Key considerations of the GS investment

The nominal value of a government security is 100 MDL.

The maturity of GS:

- 91, 182 and 364 days for treasury bills;
- 1 year or longer for government bonds.

Standard calculation formulas include:

*The nominal interest rate of **treasury bills**:*

$$r = \frac{N - P}{P} * \frac{365}{t} * 100$$

where:

N - nominal value of a T-bill;

P - price of a T-bill;

T - number of days to maturity.

Example: If at the auction you opted for treasury bills with a maturity of 182 days at a price of 95.0 MDL, then:

r = ((100 - 95) / 95) × (365 / 182 ×100) = 10.56%

*The coupon of a **government bond**:*

$$C = N \times \frac{r}{100} \times \frac{t}{365}$$

where:

C - size of coupon, (MDL);

N - nominal value of a GB, MDL;

t - coupon term;

r - for GB with fixed interest rate – the interest rate established in the announced Communique of the GS;

for GB with floating interest rate – the annual variable interest rate plus the margin set at the auction.

Example: If you invest 10,000 MDL at a fixed annual interest rate of 7% and receive the coupon after 182 days, then:

C = (10,000 × 7 × 182) / (365 × 100) = 349.86 MDL

How to buy/sell government securities on secondary market?

1. Contact a primary dealer, in case of buying GS or the primary dealer through which you purchased GS, in case of selling GS;
2. Ask the primary dealer the own price quotations of the GS and the quotations of other primary dealers, as well as the prices of the GS issued at the last auctions and those traded on the secondary market;
3. Negotiate the price and when you come to an agreement, conclude the transaction. If you cannot agree on the price, fill in the offer to buy/sell the GS, indicating the requested price, based on which the primary dealer will try to find the right counterparty;
4. The primary dealer will settle the amounts related to the transaction and after the changing of ownership over the GS will issue a confirmation certificate of the registration in the book entry form.

GLOSSARY

Communique of the government securities issuance – the document, by which the Ministry of Finance announces the date and place to hold the auctions of GS, the maturity of GS; the unique state registration number (ISIN code), the nominal value of the GS, the supply amount, the issuance date, as well as the sale and interest payment terms, in case of government bonds issuance; additional for reopening/early redemption of GS residual maturity, accrued interest.

Primary dealer - the bank that has been accepted by the Ministry of Finance to perform operations with GS on the GS market;

Client (investor) - an individual or legal entity, resident or non-resident of the Republic of Moldova, on which behalf the primary dealer submits the bid for participation in the GS sell/purchase auction and/or makes transactions on the secondary market. Only primary dealers may submit bids on behalf of their clients;

Liquidity – urgent conversion of assets into cash;

Multiple price method – involves the allocation of securities at the price presented in each competitive bid;

Single price method – involves the allocation of bids at the maximum accepted margin;

Premium – the difference between the government security's price at issuance and its nominal value, in case if the price is higher than the nominal value;

Maturity – date of expiry of a debt payment;

Discount – the difference between the government security's price at issuance and its nominal value, in case if the price is lower than the nominal value;

Nominal value - the announced value of a government security to be paid at maturity.

User Account – an account registered on the electronic platform at the request of a retail investor, following the submission of the required information and acceptance of the applicable terms and conditions.

Subscription Period – a variable time interval established by the Ministry of Finance during which a retail investor is entitled to place purchase orders for GS through the electronic platform and make the corresponding payments.

Settlement Date – the date on which the Ministry of Finance records the purchased GS in the investors' accounts on the platform.