



Bahamas International Securities Exchange

BISX MARKET NOTE

Re: Pricing of Bahamas Government Registered Stock on BISX

The Bahamas International Securities Exchange Limited (BISX) wishes to notify BISX Broker-Dealer Members and the investing public that on Thursday 1 July 2021 at 10:00 a.m. those bonds that make up Bahamas Government Registered Stock (BRS) will be repriced. The remainder of this Trading notice explains the repricing method and process.

Background: BRS are bonds issued by the Government of The Commonwealth of The Bahamas via their agent the Central Bank of The Bahamas (the "Central Bank"). BRS were listed on BISX on 9 July 2020.

BRS are issued at issuance prices that are sometimes at a premium or discount to their face value but they always mature at their issuance price (\$100.00). Bond Values are typically established based on valuation formulas that factor among other things; required rates of return, coupon payment rates and time to maturity. As these factors change over time, the price of the bond also changes.

Given these factors, BISX must establish a pricing methodology for how pricing of BRS will change over time on the Exchange. In creating this methodology the Exchange has identified the following factors as most important in setting this methodology:

- i. Allowing Price Discovery (i.e buyers and sellers) to be the key factor whenever possible in determining prices.
- ii. Transparency for all market participants.
- iii. An option that allows for repricing for all of those bonds that never trade, as noted this is an important factor given that there are over 200 tranches of BRS, some of which never trade.

Based on these factors the Exchange has determined to reprice those bonds that have not traded over the prior 12 months at the Central Bank's quoted prices (these prices can be found at [BRS Secondary Market Prices- Central Bank of the Bahamas \(centralbankbahamas.com\)](http://centralbankbahamas.com)). This repricing exercise will be carried out after the close of the market on 30 June every year, and open at their "new" prices on 1 July every year.

Those bonds that have traded over the prior 12 months will remain at the 30 June closing prices, N.B. the parameters for prices to change for BRS is that over \$50,000 of an issue must trade in a Trading Day for the price to change (at which point it would change to the Volume Weighted Average Price of all trades in that instrument carried out in that Trading Day).

Based upon market conditions and feedback from market participants, this methodology may be amended and revised.

Persons with questions regarding this matter should contact the BISX office:

The Bahamas International Securities Exchange – info@bisxbahamas.com

Dated: Wednesday 30 June 2021