

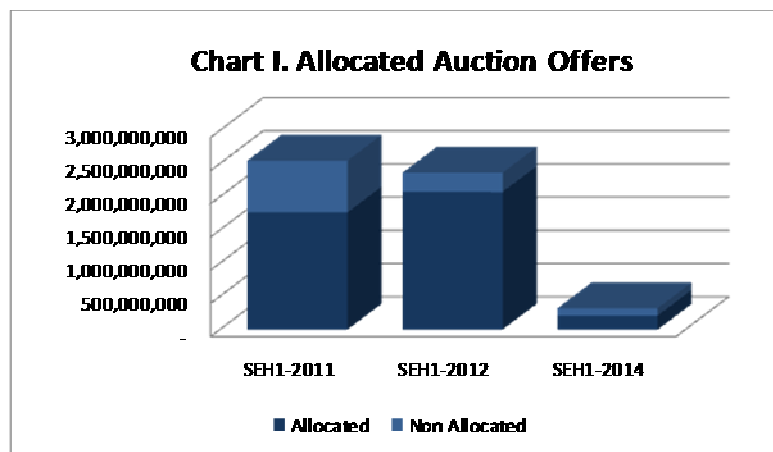
*Secretaría de Estado de Hacienda*  
Dirección General de Crédito Público

**The Dominican Republic initiates the Auction Programs of Public Bonds.**

The Ministry of Finance of the Dominican Republic (MOF) "Secretaría de Estado de Hacienda de la República Dominicana", through the Public Debt Office (PDO) "Dirección General de Crédito Público (DGCP)", initiated, at the beginning of the month of March of 2009, a Public Auction program for the Central Government Bonds, by means of a competitive process. The program contemplates monthly auctions published in the annual Calendar by the DGCP. Financial intermediaries such as commercial banks, savings and loans associations and brokerage firms authorized by the Securities Supervisory Institution "Superintendencia de Valores (SIV)" are invited to participate in the auction.

The public auction will serve as a reliable source of local financing for the SEH and marks an important step for the diversification of the Central Government's debt portfolio into local currency instruments. The first approved series of Bonds to be auctioned in the national market consist of three series with maturity of 2, 3, and 5 years by the amounts of RD\$5,000 million (USD139.03 MM), RD\$5,000 million (USD139.03 MM), and RD\$1,000 million (USD27.8 MM) respectively. Over the course of the year, the DGCP intends to reopen the series according to the Government financing needs. The structure of the debt issuances are designed to increase the liquidity in the secondary market for these maturities which are to serve as the "benchmark" or the basis for establishing interest rates in the domestic market.

In order to promote the standardization of fixed income instruments in the region, the MOF adopted the standards agreed upon in the Resolution of Central American Monetary Council that establishes the standards for the harmonization of the National debt markets. The DGCP intends to fully automate the auction process with the implementation of an electronic auction platform to allow participants to directly enter their bids electronically.



As depicted in chart 1. To date, there have been three auctions which have received total bids of RD\$5,229.1MM (USD145.4 million). Of this total, RD\$4,050.0MM (USD112.6 million), were assigned to bidders.

For the 2011 bond issue, at total amount of RD\$1,765.0MM (USD49.1MM) was allocated and RD\$2,073.9MM (USD 57.7 MM) and RD\$211.1MM (USD5.9 MM) was allocated to the 2012 and 2014 issue,

respectively.

The weighted average rates for the SEH1-2011 series were: 12.3370% in March, 14.9521% in April and 14.9500% in May. For series SEH1-2012 the rates were: 14.3610% in March, 14.1058% in April and 14.0000% in May. On the other hand, for the series SEH1-2014, the assigned rates they were: 16.6689% in April and 15.2925% in May.

