Publicat pe (https://bnm.md)

03.07.2023

NBM supports the development of the Moldovan government securities market and the attraction of international investors

The development of the Moldovan government securities market was the subject of a recent meeting held at the National Bank of Moldova with the participation of representatives of the Ministry of Finance and the European Union technical assistance project "Project Preparation Facility".

The parties present at the meeting discussed the expansion of the domestic market, attracting international investors and creating the conditions for access of government securities to foreign markets.

During the meeting, a brief presentation was made by EU technical assistance expert Constantinos Kyriakopoulos on how the Moldovan government securities market architecture can be improved for easier access of international and domestic Investors. Various options and mechanisms for the placement of government securities were discussed, including the making of issues denominated in domestic and foreign currency. It was noted that in the current conditions when the domestic market is experiencing a high level of liquidity and foreign currency supply, the issuance of G-Sec in foreign currency could put additional pressure on financial stability. The option of issuing bonds in Moldovan lei on international markets was also considered.

Another topic of discussion was the possibility of establishing connections between the Single Central Depository and international central depositories, such as Euroclear and Clearstream, as well as bilateral connections with national depositories in other countries. Both Euroclear and Clearstream allow access to the most developed capital markets in the world, at the same time, connections with these institutions depend largely on the volume and attractiveness of financial instruments of the Republic of Moldova.

The architecture of the primary and secondary government securities market was also analysed, including the role of primary dealers, G-Sec trading platforms and the Single Central Depository. It was noted that as of 2023, G-Sec with a maturity of more than one year could be admitted to trading on the stock exchange, i.e., transactions in government securities may be carried out through both primary dealer banks and non-bank brokers. In this context, the foreign experts proposed to examine the possibility of participation of non-bank brokers in auctions of G-Sec alongside primary dealers.

The parties exchanged views on the use of omnibus accounts by participants of the Single Central Depository. The NBM representatives noted that the SCD's information system allows the use of omnibus accounts, which are currently used for stock exchange transactions. With the establishment of connections between the SCD and other depositories, omnibus accounts will be used for cross-border operations.

Attending the meeting, NBM Governor Octavian Armașu welcomed the initiative of the Ministry of Finance and the experts of the EU project. At the same time, Mr. Armașu mentioned that it is important that the issuance of G-Sec is pegged to the in national currency, otherwise there is a risk of increased imbalance on the FX and domestic money market. The Governor Mr. Armașu pointed out that over the past years, the NBM has taken all necessary measures to ensure the stability of the domestic financial market and has succeeded in implementing a technical infrastructure, both factors being a solid support to bring foreign investors to the local market. Finally, the NBM Governor proposed the foundation of a Task Force Team, consisting of representatives of the institutions concerned, which will be responsible for the coordination and implementation of this ambitious project.

Head of the EU assistance team Yiannis Hadziyiannakis thanked the NBM Board for their openness and noted that with the increased access of international investors to the Republic of Moldova government securities market, there will be opportunities to identify new investors and raise the investment attractiveness of the country.







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