



Remarks by

Prof. Emmanuel Tumusiime-Mutebile
Governor, Bank of Uganda

Annual Primary Dealer Award Ceremony

Bank of Uganda Board Room

Monday, February 22, 2016

Distinguished Guests
Chief Executive Officers of Primary Dealer Banks
Members of the Press
Ladies and Gentlemen

Good morning.

It is my pleasure to welcome you to the 12th Annual Primary Dealer Award Ceremony.

The main purpose of the Primary Dealer System is to promote the participation in government securities, to foster the development of financial markets, to improve secondary market trading system as well as to ensure efficiency in the market operations of the central bank.

Primary Dealers have contributed to the growth of the securities market by ensuring high demand during primary market auctions. In 2015, the ratio of Primary Dealer successful bids in the primary auction relative to the rest of the market was 61.33 percent.

While we had some under subscriptions at the beginning of this financial year, the auction bid to cover ratio of Treasury bills and bonds for the calendar year 2015 was recorded at an average of 1.21; indicating that demand for government securities remains significant.

Primary Dealers have also continued to enhance liquidity in the secondary market. The total turnover in the secondary market increased in the year 2015 by 12.5 percent to UGX 3.6 trillion from UGX 3.2 trillion in the year 2014.

With the continual achievements of the Primary Dealer system, we note that the system still has some shortcomings that we continue to endeavor to resolve: as observed, the volume of secondary market trading has continued to increase but still falls short of our expectation;

the subscription levels in the primary market are high but we occasionally observe under-subscriptions in some tenors at auctions; and the spread in pricing at some auctions is significantly wide and out of prevailing quoted market price ranges.

The Bank of Uganda will maintain its consultative approach with the market and other stakeholders to bring on board vibrant and broad based initiatives that will ensure an attractive, efficient and competitive government securities market.

At this point, allow me to recognize all the Primary Dealers present here today. I applaud their contribution towards the development of the government securities market, and, more specifically, the financial markets in Uganda.

I also wish to acknowledge the role this year's award winner has played especially in their participation in the primary auctions, market making capabilities, consistent pricing as well as timely market intelligence.

Ladies and Gentlemen, it is with great pleasure that I announce that for the fifth consecutive year, **STANBIC BANK UGANDA LTD** is the Primary Dealer of the **YEAR 2015**.

I now invite the Managing Director to receive the award.

Congratulations and I thank you.