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Deputy Governor

Speaking Notes

**Best Performing Primary Dealer Market Maker
Award for the Year Ended September 2022**

February 2023

1. CEOs & senior staff of regulated financial institutions
2. Ladies and gentlemen
3. Let us turn to the tradition of awarding the best-performing primary dealer market maker (PDMM) in government securities, specifically for October 2021 to September 2022.
4. Recall that the Bank of Uganda (BoU) launched the primary dealer (PD) system in 2005 to promote participation & operational efficiency in the government securities market, improve secondary market trading, & foster financial market development.
5. In October 2020, the PD system was reformed, allowing 8 banks to guarantee subscriptions of primary auctions with added market-making obligations, for increased trading and more efficient pricing.
6. At the end of the current licensing year, the 3-year performance of PDMMs will be evaluated & some may exit the system while others may join.
7. For the year starting October 2022, BoU revised the PDMM ranking criteria to strengthen performance.

The changes included increasing the overall secondary market scoring from 70% to 80% of the total available marks for each month to boost activity and liquidity in the bond market; and including the posting and updating of two-way daily firm bid-ask price quotes as well as trading, and/or reporting trades through the Bloomberg platforms to increase global visibility.

8. Global visibility will be enhanced by listing Uganda Government Bonds on international platforms such as the prestigious AFMI Bloomberg Bond Index (ABABI) administered by the African Development Bank.
9. In September 2022, the Financial Times Stock Exchange (FTSE) Russell announced that Ugandan local currency fixed-rate government bonds would be included in the FTSE Frontier Emerging Markets Government Bond Index (FRNTEMGBI) Series, effective April 2023.

The FTSE Frontier Emerging Markets Government Bond Index Series aims to create a transparent universe of emerging local currency bond markets that may not yet be considered mainstream emerging markets but are deemed to be investable. This will improve the global visibility of our local currency bonds.

10. Secondary market liquidity has grown this year, with trading volume rising 11.17% to UGX 47.4 trillion in the PDMM year ending September 2022 from UGX 42.6 trillion in the year ended September 2021.

The ratio of secondary market turnover to the total outstanding stock of government securities was 154.55 in the year ended September 2022 from pre-PDMM year levels of below 55%.

The number of trades increased to 15,330 in the year ended September 2022 from 15,038 in the previous year (compared to 6,442 deals in the pre-PDMM era of 2020), partly due to increased retail participation in the secondary market supported by the countrywide promotion of government securities.

Kudos to PDMM's specific retail-investor-focused initiatives to ease public access to the government securities market, e.g. Housing Finance Bank's web interface model for investing in treasury securities.

11. And now, I am pleased to announce **Stanbic Bank Uganda Ltd** as the Best Performing Primary Dealer Market Maker in Uganda government securities for the ranking year ended September 2022.

Stanbic Bank Uganda has contributed to the development of the securities market through participation in the primary auctions, fulfilled their market-making obligations in the secondary market, consistently posted two (2) way bid-ask pricing across the entire yield curve, as well as trading and reporting trades on the Bloomberg.

We crown Stanbic Bank Uganda as the top winner for the 11th time since the inception of the annual awards.

12. I invite the Stanbic Bank Uganda Chief Executive Officer and her Head of Global Markets to receive the award.

13. Congratulations to the Stanbic Bank Uganda team.

14. I thank you for listening to me.

15. God Bless!