DEBT MANAGEMENT DIRECTORATE

The Debt Management Directorate (DMD) was established within the Treasury department in December 2006 with responsibilities for debt and cash management for the central government and for providing specified funding requirements as authorised by Parliament.

The principal objective of the directorate in its debt and cash management activities is to raise funds as well as carry out other financial transactions in such a way as to ensure that:

- The central government borrowing programme (short- and long-term) is financed prudently and cost effectively consistent with an acceptable level of risk;
- The annual debt servicing costs are met at the lowest possible cost;
- The development of the domestic financial markets is given the necessary support; and
- The liquidity of government funds is adequate to meet government's payment obligations as and when they fall due.

I. Organisation and resources

The DMD is organized along functional lines under three main areas: a Front, Middle and Back Office to ensure a clear division of responsibilities according to international best practices.

The Front office co-ordinates and handles all the needs of the directorate and its clients with respect to issuance of Government securities; the Middle office undertakes market research and risk analysis activities; whilst the Back office is responsible for the servicing, settlements and accounting of central government's debt and cash management transactions.

II. Legal framework for borrowing

The statutory basis for central government borrowing is set out under the following primary and subsidiary legislation:

- Malta Treasury Bills Act, Cap.133 *(relating to the issue of short-term borrowing up to 12 months maximum maturity*. The maximum amount of outstanding Treasury bills is established by Parliamentary Resolution. In 2002, the maximum amount was set at €698.8 million;
- Malta Treasury Bills (Dematerialisation) Regulations, 2007;
- Local Loans (Registered Stock and Securities) Ordinance, Cap.161 *(relating to terms and conditions applicable to loans authorised to be raised locally by the issue of stock in Malta);*
- Local Loans (Registered Stock) Regulations, S.L.161.01;
- Development Loan Act, Cap.229 *(in respect of bilateral loans raised outside Malta);*
- Government Borrowing and Granting of Loans to the Hellenic Republic Act, 2010 (Act III of 2010);
- An annual budget law that authorises the Minister of Finance to raise loans on behalf of the government for an established amount during the financial year by the issuing of securities and provides also the main purposes for which government can apply such borrowing.

III. Financing Instruments and Operations used in Debt and Cash management

Until now, the Government's policy to meet its financing needs has been that of relying almost exclusively on issuing euro-denominated financing instruments in the domestic market rather than raising funds on the international financial markets.

During 2014, as in previous years, the main financing instruments used to finance the central government funding requirements were Treasury bills (T-bills), being of maturity of 12 months or less, and Malta Government Stocks (MGSs).

The Treasury carried out its **cash management operations** by conducting regular public auctions of Treasury bills (T-bills) on a weekly basis. While T-bills are primarily issued to cover for temporary liquidity needs arising due to timing mismatches between revenue and expenditure flows, at the same time, such issuances maintain activity in the domestic Treasury bills market. T-bills issued to investors through such auctions are listed and traded on the Malta Stock Exchange.

The conventional fixed-rate MGS remained the Treasury's primary financial instrument by which it funded the **long-term borrowing** programme for 2014. The fixed-rate MGS issued consisted of maturities between 5- and 20-years. Alongside-fixed rate MGSs, Treasury continued to offer Floating-Rate MGSs (FRNs) linked to the six-month Euribor through the auction system. All MGSs are listed and traded on the Malta Stock Exchange.

Malta Government Stock Financing Operations in 2014

The funding programme, as outlined in the indicative issuance calendar published at the start of the year, was successfully implemented by the Debt Management Directorate benefitting from steady improvement in market sentiment particularly in the first half of the year.

In terms of '*The Budget Measures Implementation Act*' (*Act No XII of 2014*), the total amount of MGS issuances for 2014 was set not to exceed €650 million.

The funding programme was mainly applied for the purpose of financing:

- the redemption of MGSs amounting to €361.3 million;
- an estimated budget deficit of €136.3 million;
- Changes in Central Government's debt portfolio, in line with Government's debt management policies.

I. Issuance Strategy

Following the trend of recent years, the Treasury adopted a front loaded issuance programme whereby 61% of the MGS issuance programme for the year was covered by the end of June. The programme consisted of five MGS issuances, raising a total sum of €648.8 million.

As detailed in the Indicative Issuance Calendar published on 9th January 2014, the issuance strategy focused mainly on fixed-rate, euro-denominated stocks with maturity horizons spanning both the short- and long-term, intended to satisfy the investment needs of the banking sector, insurance companies, fund managers, and retail investors alike. In this regard, and to cater for the decreasing trend in yields which drove up existing MGS prices, the Treasury issued a number of new fixed-rate bonds with , 6-, 10-, 18-, 19- and 20-year maturities. The new fixed rate MGSs issued were:

- 2.00% MGS 2020 (V);
- 3.30% MGS 2024 (I);

- 4.45% MGS 2032 (II);
- 4.30% MGS 2033 (I); and
- 4.10% MGS 2034 (I).

Moreover, the directorate continued to support the development of the domestic debt market by promoting diversification of securities offered on the domestic capital market. In this regard, two new floating-rate stocks (FRNs) linked to the 6-month EURIBOR, primarily intended for institutional investors, were issued. By the end of the year, the ratio of floating-rate notes to the total portfolio of outstanding MGS increased from 4.1% in 2013 to 5.0% in 2014. **Table 1** illustrates the type and maturity bucket of MGS in each issuance.

Table 1 – MGS Issuances in 2014

	Issuance Strategy *(€ million)*				
Issuance month	**Short-Term Fixed**	**Med-Term Fixed**	**Long-Term Fixed**	**FRN**	**Total**
March	7.2	24.1	128.7		159.9
April	30.5		24.5		55.0
June			150.7	29.3	180.0
August	6.0		172.9		179.0
October			27.2	47.9	75.0
TOTAL	**43.8**	**24.1**	**503.9**	**77.2**	**648.8**

Note:Figures may not add up due to rounding.

In addition to the above issuances, an MGS amounting to €1.1 million was issued in partial settlement of transfer of ex-Church property to the government according to the Holy See and Malta Government Agreement of 1991.

II. Strong Demand for MGS issues

The directorate successfully completed its 2014 MGS issuance programme as authorised by the Budget Measures Implementations Act via five issues, spread between March and October. All the issues recorded heavy participation, especially by the retail sector which, due to the allotment policy adopted by the directorate, regularly crowded out institutional investors and therefore prompted the directorate to organize issues specifically targeted to institutional investors only (April and October). The August issuance was over-subscribed by the members of the public, resulting in the auction for institutional investors being called off. Details of participation are shown in **Table 2** below.

Table 2 – Participation vs. allotment

Issuance month	**Amount offered +over-allotment**	**Total Participation**	**Bid-to-Cover**
March	100+60	232.7	2.3
April *	35+20	122.4	3.5
June	100+80	322.6	3.2
August **	100+80	193.5	**
October *	40+35	205.1	5.1
TOTAL	**650.0**	**1,076.3**	

** Issues targeted for institutional investors only.*
*** August issue was over-subscribed by retail investors.*

Table 3 illustrates the ratio allotted by auction to total applications accepted, and the ratio of bids accepted against bids received.

Table 3 – Demand vs. Allotment of Bids by institutional investors

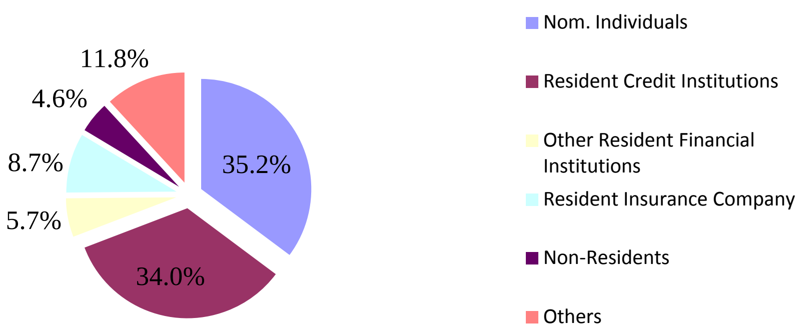
Issuance	Security Issued	Total Allotment € millions	Allotted by Auction € millions	% of Total Allotment	% of bids accepted/all bids received
Mar	3.2% MGS 2019	7.2	6.0	83.2%	10%
	3.3% MGS 2024	24.1	2.5	10.4%	63%
	4.45% MGS 2032	128.7	0.0	0.0%	0%
	Total	**159.9**	**8.5**	**5.3%**	**10%**
Apr	3.2% MGS 2019	30.5	30.5	100.0%	57%
	4.45% MGS 2032	24.5	24.5	100.0%	36%
	Total	**55.0**	**55.0**	**100.0%**	**45%**
Jun	4.3% MGS 2033	150.7	0.0	0.0%	0%
	FRN MGS 2018	29.3	29.3	100.0%	40%
	Total	**180.0**	**29.3**	**16.3%**	**17%**
Aug	2% MGS 2020	6.0	0.0	0.0%	n/a
	4.1% MGS 2034	172.9	0.0	0.0%	n/a
	Total	**179.0**	**0.0**	**0.0%**	**n/a**
Oct	FRN MGS 2020	47.9	47.9	100.0%	30%
	4.1% MGS 2034	27.2	27.2	100.0%	57%
	Total	**75.0**	**75.0**	**100.0%**	**37%**

Note:Figures may not add up due to rounding.

III. MGS Holder Distribution by investor type

The distribution of MGS among the different types of investor categories is depicted in **Chart 1**. The two most significant holders of MGS are *resident nominal individuals* and *resident credit institutions*, with 35% and 34% respectively. *Resident insurance companies* held almost 9%, whilst *other resident financial institutions* held almost 6%. The level of *non-resident* holdings increased to almost 5%, (from 3% a year earlier). Holdings by other investors, principally resident entities not falling under the main categories, including non-profit entities, local councils and public non-market units collectively amounted to 11%.

Chart 1 – MGS Holder Distribution as at 31st December 2014

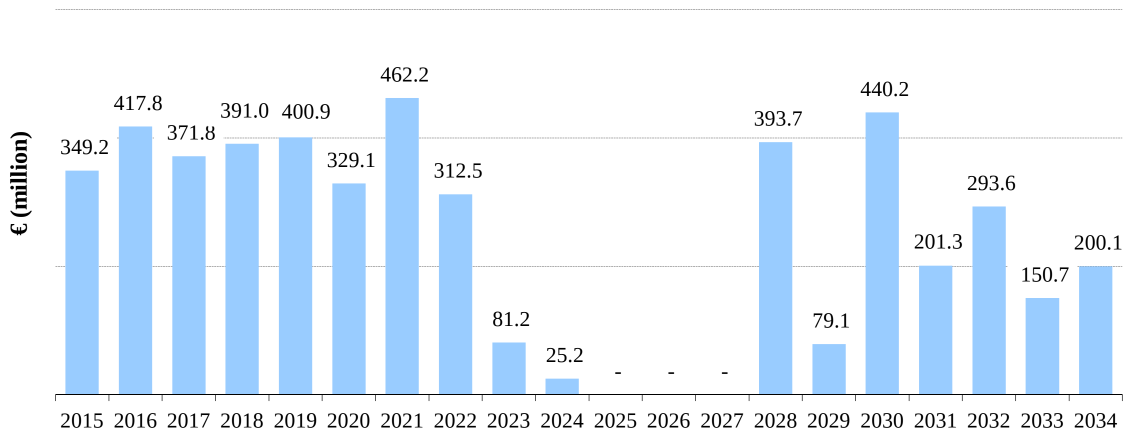


IV. Maturity Profile

The outstanding nominal value of MGS as at 31st December 2014 reached € 4,899.6 million. **Chart 2** illustrates the distribution of outstanding MGSs by year of maturity.

Throughout the past few years, the DMD undertook measures to reduce potential risks, mostly in terms of rollover, concentration and duration. In order to reach these strategic objectives, the DMD: implemented a 3-year MGS Switch Auction Programme (2011-2013) which contributed to the smoothening and lengthening of the maturity profile. Consultations were held with main market players with a view to relaunch another bond switch transaction. Moreover, by the end of 2014 the maturity profile was extended by another two years up to 2034 whilst the issuances were spread more evenly among the different maturity buckets. This resulted in an increase in the weighted average maturity (WAM) of the MGS portfolio to 8.6 years from 7.9 years reported in 2013 as well as improved the skewness for the 4-year period 2015-2018, by lowering it to 31% from the 33% prevailing in 2013 (i.r.o. period 2014-2017).

Chart 2 - Outstanding MGS Profile as at 31 December 2014

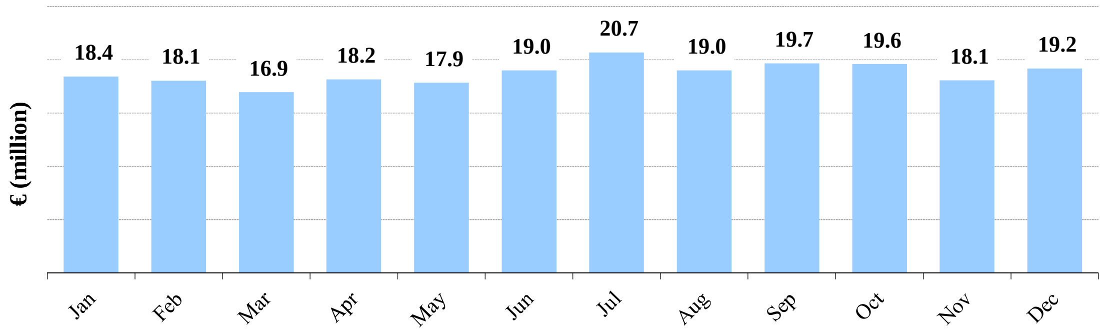


V. Cost of Borrowing

During 2014 total MGS interest payments amounted to €224.7 million. These semi-annual coupon interest payments were spread throughout the year as illustrated in **Chart 3**. In the 12 months ending 31 December 2014, the year-on-year increase in total MGS interest payments amounted to only 2.0%, compared to a 6% increase in the outstanding MGS portfolio.

The weighted-average coupon (WAC) payable on the fixed-rate MGS portfolio at the end of 2014 stood at 4.82%, 11 basis points lower than the ending WAC in 2013. This was mostly a reflection of the ability to replace maturing stocks (in 2014) with new stocks issued in the medium to long term maturity horizon at lower coupons in a low interest rate environment.

Chart 3 - Distribution of Monthly MGS Interest Payments - 2014



VI. Developments in the MGS Markets during 2014

The year 2014 was a relatively calm year for the international sovereign debt markets, with most of the volatility experienced in prior years abating. Spreads between the benchmark German Bund and most other European government bonds shrank significantly. Nevertheless, the euro-area economy did not completely shrug off fears of deflation as both consumer and producer price indices showed persistent signs of subdued inflation pressure. This effect, together with further base rate cuts by central banks that pushed nominal interest rates close to 0% in response to sluggish and fragile economic growth rates, tended to put further downward pressure on sovereign yields.

The convergence of euro-area government bond yields also affected the domestic capital market where Malta Government Stocks reached amongst the lowest yields ever recorded. A stable spread over the benchmark Bund and low yields provided the directorate with opportunities to borrow on the primary market at record low interest rates.

Chart 4 illustrates the short-term and long-term ISMA yields conceded to retail investors, for all primary market issuances offered during the past two years ending December 2014. The long-term yield for MGS issues with maturities over 15years fell throughout the year, reaching its lowest point in October 2014 with the issuance of an MGS maturing in 2034 (longest maturing MGS to date) yielding less than 3.5%.

Short-term yields (MGS with maturities of 5 years) moved downwards as well, going below 2% by the end of the year.

Chart 4 – Short- & Long-Term Primary Market MGS Yields (Retail) Jan 2013- Dec 2014

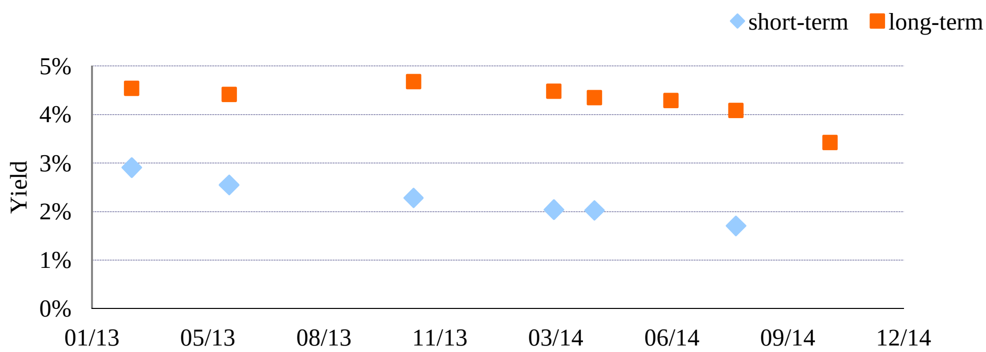


Table 4 shows how the improving sentiment in the international financial markets has filtered through to the local primary bond market. Both short- and long-term MGSs experienced significantly diminishing

yield spreads over the Bund. As illustrated in the table below, the short-term spread decreased by 78bps (following a -129bps change in spreads from 2012 to 2013). Long-term spreads from auctions fell 67bps.

Table 4 – Spread Over Bund in Primary Market (Fixed Coupon MGS)

Year	Issuance	Short term		Long term	
		Retail	**Auction**	**Retail**	**Auction**
2013	Mar	+201bps	+218bps	+242bps	+252bps
	May	+197bps	+180bps	+247bps	+235bps
	Nov	+141bps	+144bps	+220bps	+212bps
2014	Mar	+141bps	+138bps	+213bps	-
	Apr	-	+133bps	-	+200bps
	Jun	-	-	+224bps	-
	Aug	+123bps	-	+215bps	-
	Oct	-	-	-	+185bps

Source: Deutsche Bundesbank (www.bundesbank.de) & own calculations

Treasury Bills

Over the past few years, the debt management directorate's policy has been to change the composition of debt away from short-term instruments in the form of Treasury Bills and in favour of more medium-to-long term securities (MGSs). In 2014, the T-bill balance was reduced by €107.7 million, more than reversing the €94 million increase experienced in 2013. The outstanding balance by the end of the year stood at €140.4 million.

I. Issuance Strategy

Table 5 represents the amounts of treasury bills issued and redeemed throughout the year, categorized by tenor. As in previous years, albeit slightly less pronounced, the issuance strategy focused mainly towards the issuance of the benchmark 91-day T-bill which made up 46% of total issuance for the year (53% in 2013). The issuances of the 182-day bills increased to 38% of total amount issued against the 23% reported in 2013. The weighted-average maturity (WAM) of T-bills issued in 2014 increased by 3 days to 118 days against WAM of 115 days registered in the previous year.

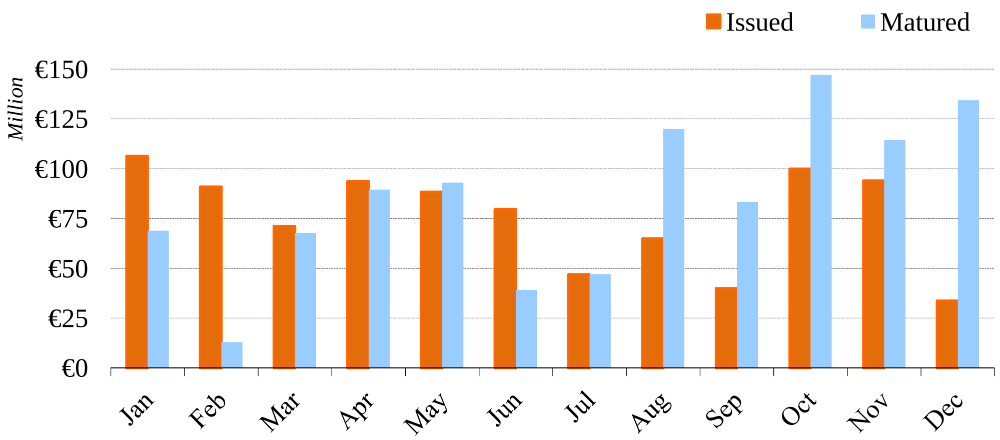
Table 5 - T-Bills issued & redeemed by tenor in 2014

Tenor *(days)*	**Issued***(€ million)*	**% of Total**	**Redeemed***(€ million)*	**% of Total**
28	139.4	15%	133.4	13%
91	414.6	46%	443.7	44%
182	348.2	38%	356.8	35%
273	8.0	1%	84.0	8%
364	0.0	0%	0.0	0%
Total Issuance	**€910.2**	**100%**	**1,017.9**	**100%**

Note: Figures may not add up due to rounding.

Chart 5 below shows gross issuance and redemption on a monthly basis. Net issuance was positive in the first quarter (+€119.1 million) and again, to a lesser degree, in Q2 (+€40.0 million). The trend was reversed in the last two quarters of the year. The most significant decrease occurred in Q4 during which the outstanding balance of T-Bills decreased by €168.1 million compared to €98.6 million reported in Q3.

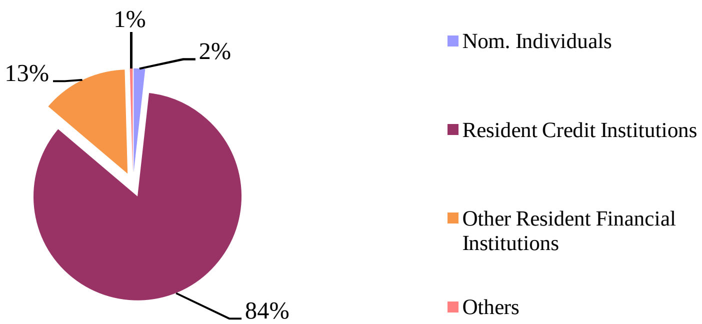
Chart 5 - T-Bills issued and redeemed per month in 2014



II. Treasury Bill Holder Distribution by investor type

The distribution of T-bills among the different types of investors is shown in **Chart 6**. The share of holdings by resident credit institutions' was around 84% of the total outstanding T-bills whilst *the resident financial institutions* held 13%. *Nominal individuals* slightly increased their t-bill holdings by 1% when compared to 2013. No T-bills were held by non-resident investors.

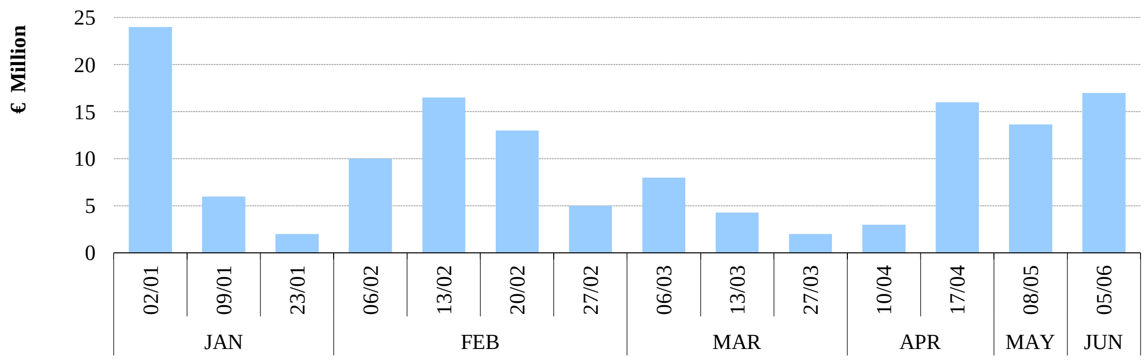
Chart 6 – Treasury Bills Holder Distribution as at 31st December 2014



III. Redemption Profile

By the end of December 2014, the nominal value of outstanding T-bills was €140.4 million. **Chart 7** shows how this balance will be redeemed throughout 2015.

Chart 7 - Outstanding Treasury Bills as at end 2014

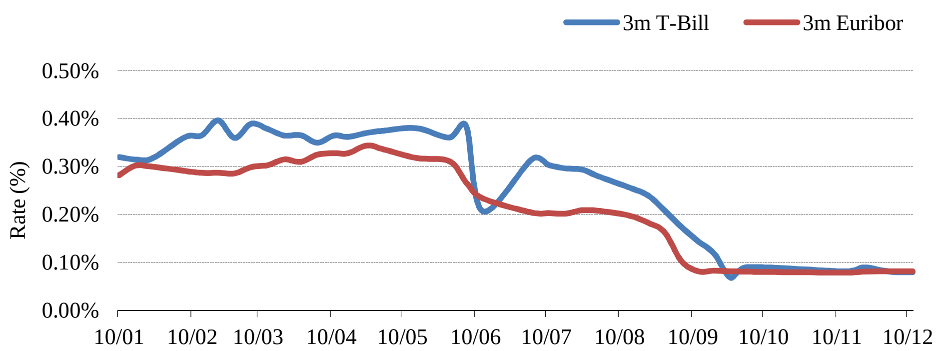


IV. Yields & cost of borrowing

The year 2014 saw exceptionally low interest rates on all points of the yield curve. Domestic money market rates declined throughout the year, tracking interest rates in the international financial markets which approached 0%, and in some cases also turning negative.

Chart 8 shows the benchmark weighted average 3-month rate on accepted bids against the 3-month *EURIBOR* for 2014. The 3-month T-bill rate registered a maximum weighted-average lending rate of 0.397% on the 21st of February. The rate remained somewhat stable close to 0.4% until mid-June, when it experienced a sharp decline which bottomed out below the 0.1% level until the end of the year. During this period, there were several instances where the two rates intersected.

Chart 8 – 3-month Euribor vs. Accepted 3-month T-bill rates



Source: European Banking Federation (www.euribor-ebf.eu) & own calculations.

The interest expense on new T-bills issued in 2014 including those redeemable in 2015 amounted to €1.3 million (€2.4 million in 2013). The total servicing cost incurred on maturing T-bills during 2014 reached €1.9 million compared to €2.6 million incurred in 2013.

In 2014 the nominal amount of T-bill issues (€910.2 million) shrank by 19% compared to the previous year (€1,121.8 million). Notwithstanding the increase in the WAM, the total cost of borrowing fell by €1.1 million on the back of declining rates across all maturities. The entire portfolio weighted average yield on accepted bids as at end 2014 was 0.421% or 24bps lower than the weighted average cost of borrowing in 2013 (0.663%). **Table 6** below shows the maximum and minimum accepted rates together with the weighted average rate for the most frequently issued tenors.

Table 6 - T-Bills borrowing rates					
Tenor	**Max**	**Date**	**Min**	**Date**	**WAY**
1 month	0.349%	03-Jan-2014	0.030%	10-Oct-2014	0.096%
3 month	0.397%	21-Feb-2014	0.068%	26-Sep-2014	0.267%
6 month	0.690%	28-Feb-2014	0.115%	05-Dec-2014	0.530%

Foreign Loans

Bilateral loans with foreign official creditors were specifically undertaken by Government to finance large capital projects. During the year 2014 €10.6 million were repaid according to the established repayment schedules, resulting in an end-of year outstanding balance of €40.4 million.

Interest costs incurred during 2014 to service these loans amounted to €2.3 million. The majority of Government's bilateral loan agreements are denominated in euro as shown in **Table 7**, hence making any exchange rate risk insignificant.

Table 7 - Foreign debt and distribution by currency				
	Euro	**USD**	**CAD**	**Total**
Amount (€ Millions)	40.02	0.20	0.17	40.39
%	99.08%	0.50%	0.42%	100.00%

Note:Exchange rates as at 31/12/2014.

Source: Central Bank of Malta (www.centralbankmalta.org) & own calculations.

Expert Advice on Debt Management from ComSec

During January 2014, the DMD hosted a delegation from the Commonwealth Secretariat's Public Debt Management Advisory (DMA) to identify areas of advisory support on debt management. The main objectives of the visit by the delegation was (i) to strengthen the existing debt management framework through the identification of areas where improvement could be made, (ii) building capacity in debt management, (iii) provide advice on the formulation of a comprehensive medium-term debt management strategy and (iv) provide assistance with debt analysis.

After a review of the DMD's legislative framework, policies, strategies and operations, priority was given to review and update the current legal framework relating to government debt management legislation. To this effect, two further in-country missions from the Commonwealth Secretariat were held in June and November 2014. During the June visit, various meetings were organised with stakeholders with a view to receive their input on the proposed review of current legislation. Following these consultations an advanced and comprehensive draft was compiled and subsequently discussed during the third visit by the DMA's officials hosted in November 2014.

Change in the Settlement Cycle of Securities

The new regulation on Central Securities Depositories (CSDR) which entered into force on 17 September 2014, requires that with effect from 1st January 2015, the settlement period for transferable securities executed on trading venues across Europe shall be executed no later than on the second business day after the trade takes place (T+2 requirement).

As from 6th October 2014, the Malta Stock Exchange (MSE) together with most European trading venues adopted the T+2 settlement cycle as the standard settlement period for market transactions in government securities. To this effect, the settlement cycle in the secondary market for Treasury Bills was changed from T+0 to T+2 and that of Malta Government Stocks from T+3 to T+2.

The sub-committee on EU Sovereign Debt Markets (ESDM) spurred for full harmonisation in both primary and secondary markets. As part of this European drive towards harmonization of European sovereign debt market practices and processes, the directorate took the opportunity of the T+2 requirement in the secondary market to implement the T+2 settlement period also in the primary market for all government securities. Following consultations held with the main stakeholders, the directorate announced that it was going to implement the T+2 settlement cycle in the primary market for Malta Government Stocks (auctions) with effect from 1st January 2015. Moreover, after the implementation of T+2 settlement cycle in the secondary market, further consultations were held with the main stakeholders with a view to implement the T+2 settlement cycle for Treasury Bills in the primary market during the second half of the year 2015. Such a step was intended to harmonize the settlement period for all government securities both in the primary and secondary market to T+2 and at the same time bring the settlement period in line with most Euro area member states.

Settlement of interest payments by Single Euro Payments Area (SEPA)

In line with the SEPA End Date Regulation (EU) No 260/2012, the directorate, in collaboration with the Malta Stock Exchange and Central Bank of Malta, finalised the administrative processes related to the migration of payment of interest to the SEPA payment scheme. With effect from 22nd January 2014 all interest payments on Malta Government Stocks payable by direct credit started to be settled through the SEPA payment scheme.

Amendments to the Local Loans (Registered Stock and Securities) Ordinance

In 2014, amendments were made in the Local Loans (Registered Stock and Securities) Ordinance by means of bill 77 published on 5th December 2014. The scope of the said amendments was to enable the Minister for Finance to raise money under this act for the purpose of providing financial support to credit institutions in the context of a financial crisis in view of preserving financial stability in terms of Directive 2014/59/EU of the European Parliament and of the Council of the 15th May 2014.

The EU Emissions Trading System (EU ETS)

In terms of Legal Notices 403/2012 and 434/2013, the Debt Management Directorate within the Treasury was appointed by the Government of Malta to auction aviation and stationary installations' carbon emission allowances under the EU Emissions Trading System on its behalf.

The majority of participating governments, including Malta, use a common 'platform' for these auctions. In November 2012, the Debt Management Directorate has been admitted for participation as auctioneer for Primary Auctions of general EU Emission Allowances (EUAs) on the European Commodity Clearing (ECC) platform. Trading is conducted on the European Energy Exchange (EEX), whilst trades are cleared and settled through ECC - the exchange's clearing house. The aviation allowance (EUAA) started to be auctioned on the same trading platform held with effect from September 2014.

In 2014, 144 EUA and 4 EUAA auctions were held (usually on Monday, Tuesday and Thursday of every week), with Malta's allocation for the year set at 663,000 allowances (646,500 for EUAs and 16,500 for EUAAs). Malta's 2014 share of revenue generated from such auctions amounted to €3.9 million, representing €3.8 million from EUAs and €0.1 million from EUAAs.

Relations with other institutions

I. International Monetary Fund

The directorate gave its input towards the annual Article IV consultation process carried out by the International Monetary Fund (IMF). To this effect the directorate together with officials from the Ministry for Finance participated in two meetings held in June and December 2014 with officials from the IMF Mission. During these meetings issues related to debt management and positions on central government debt were discussed.

II. DG ECFIN and Credit Rating Agencies

Jointly with officials from the Budget Office and the Economic Policy Department, the directorate participated in three meetings held with DG ECFIN. An In-Depth Review Mission took place in January and was followed up by two other meetings held in April and October in preparation for the Commission's regular Spring and Autumn forecast publications. The directorate's contribution in these meetings focused on reviews, ongoing developments and outlooks related to Central Government Debt and Debt Management.

On five different occasions, officials from the Debt Management Directorate flanked by officials from the Ministry for Finance met with officials from the three largest credit rating agencies to discuss issues related to central government debt, debt issuance strategies and debt management. After each meeting the Credit Rating Agencies was presented with a report outlining the issues that were discussed during the meetings.

III. EFC sub-committee on EU Sovereign Debt Markets (ESDM)

The DMD continued to participate in the meetings of the Economic and Financial Committee (EFC) Sub-committee on EU *Sovereign Debt Markets* (ESDM) in Brussels. The main objectives of the sub-committee include discussions on issues related to the efficient functioning of the EU's primary and secondary government debt markets as well as contribute to the preparation of EFC common positions on issues which significantly impact the sovereign debt markets.

During the course of the year 2014, the Debt Management Directorate jointly with officials from CBM participated in three meetings held in Brussels and two teleconferences. The key areas of work focused on the ongoing developments in the sovereign bond markets, the effects of regulatory changes on market functioning, harmonisation of the settlement cycle of government securities to T+2 for both the primary and secondary market, follow-up aspects of the implementation of the euro area Collective Action Clauses as well as the IMF published proposals for strengthening the contractual approach of debt restructuring.

IV. Central Bank of Malta

The directorate regularly held meetings with officials of the Central Bank of Malta (CBM) to discuss matters pertinent to Government securities and market functioning. CBM assisted the directorate in researching bond prices and yields in the secondary market, as well as offered advice during the pricing process of primary market MGS issuances.

In May 2014, the directorate was invited by Central Bank of Malta to participate in a meeting of the Financial Markets Committee (FMC) - a forum organised and chaired by CBM which gathers all credit institutions operating in Malta. The directorate was invited to deliver a presentation related to the issuance programme of government securities for the year. During the meeting the directorate took the opportunity to launch a consultation process about Treasury's plans to change the settlement cycle for government securities in the primary market to T+2.

V. Other Institutions

During the year under review, staff from the directorate together with officials from the Central Bank of Malta participated in meetings with foreign banking institutions during which several areas of interest related to the domestic and international sovereign bond markets were discussed.

Staff Training and Development

The directorate is committed to invest in the training and professional development of its human resources, both through in-house programmes and also through external courses organised by local and foreign organisations. During the year 2014 opportunities were offered to directorate staff to attend training courses, seminars and annual conferences organised by local and foreign organisations. These included:

- Aspects of Internal & External Audits organised by CDRT in collaboration with PWC;

- The 9th annual European Bond Conference organised by the Association for Financial Markets in Europe (AFME);
- Induction course for newly appointed principals, organised by CDRT.

Support Services

The directorate's front office continued to offer guidance and provide the necessary services to the heirs of deceased MGS holders so that the heirs can have any inherited government Stocks transferred in their name through a *Causa Mortis* procedure.

In 2014 the directorate received 366 new *Causa Mortis* claims from the heirs' legal adviser, representing an increase of 6%over the previous year. During the course of the same year the directorate finalised 290 cases, of which one hundred and ninety-four (194) were in respect of new claims submitted in the year 2014 whilst the remaining ninety-six (96) cases related to claims opened in previous years.

Online Services

During the year 2014 the Debt Management Directorate continued to make use of the Treasury's website to increase the data available to stakeholders and market participants such that its content better meets the needs of stakeholders and clients in a faster and more efficient manner. The information/statistics/forms uploaded on the website include:

- Market announcements linked to new issuance of Malta Government Stocks;
- The yearly indicative issuance calendar of Government Securities;
- Monthly issuance calendar for Treasury bills;
- Treasury bills auction tender forms;
- The publication of weekly Treasury bills auction results;
- Weekly Treasury bills' auction bid analysis report;
- Malta Government Stocks auction results;
- Investors base of Malta Government Securities;
- The outstanding MGS portfolio;
- The latest credit ratings for Malta government debt;

- The full text of the Model Collective Action Clauses (CACs);
- Concise guidelines intended to guide the heirs of deceased stockholders through the administration tasks related to *'Causa mortis'* claims;
- Various other occasional reports, both of a technical and an informative nature.