



Bank of Zambia

FREQUENTLY ASKED QUESTIONS

ON THE RECENT CHANGES TO THE GOVERNMENT SECURITIES OPERATIONS



1. What changes are being made to benchmark bonds in 2026?

Beginning April 2026, the 5-, 7-, 10-, and 15-year Government bonds will be designated as benchmark bonds. The 5-year bond will retain benchmark status but will not be issued further in 2026, while the 2-year and 3-year bonds will be issued and classified as non-benchmark bonds.

2. What are benchmark bonds and how do they differ from non-benchmark bonds?

Benchmark bonds are specific maturities designated by the Bank of Zambia to serve as reference points for pricing and liquidity in the Government securities market. They are issued regularly and reopened until they reach a target size, ensuring depth and tradability. Non-benchmark bonds, on the other hand, are issued less frequently, have smaller outstanding amounts, and primarily serve to meet financing needs without being central to market price discovery.

3. What is re-opening? How is it different from the regular auction?

Re-opening refers to the issuance of additional amounts of an existing bond rather than creating a new one. This increases the outstanding size of that bond, enhancing liquidity. A regular auction introduces a new security with a fresh maturity date, while a reopening adds to an already existing benchmark bond. This means that the re-opened bond will carry the features of the existing bond such as the maturity date and coupon rate, only the yield rate will change as the bond is re-opened.

4. Will the auction process for benchmark bonds and non-benchmark bonds be different?

No. Both benchmark and non-benchmark bonds will be issued through the standard auction process, and both will have competitive and non-competitive bidding. The difference lies in their issuance frequency and reopening strategy, not in the auction mechanics.

5. Can I buy benchmark bonds in the secondary market? How about non-benchmark bonds?

Yes. Both benchmark and non-benchmark bonds can be traded in the secondary market. However, benchmark bonds are expected to have greater liquidity and tighter bid-ask spreads due to their larger outstanding size and frequent reopening.

6. What is the minimum target size for benchmark bonds?

Each benchmark bond will have a minimum target size of **K10.0 billion** in outstanding face value. To achieve this, the Bank of Zambia will reopen benchmark bonds starting April 2026.

7. What happens to the benchmark bond when it has reached the target size?

Once a benchmark bond reaches its minimum target size of K10.0 billion, it will no longer be reopened. Future issuance will then focus on other benchmark bonds to ensure balanced liquidity across maturities.

8. How often will Government bond auctions be held?

From the second quarter of 2026, Government bond auctions will be conducted twice per quarter. Treasury bill auctions will continue every fortnight.

9. Will be benchmark and non-benchmark bonds be issued in the same auction?

Yes. Auctions may include both benchmark and non-benchmark bonds, depending on the financing requirements outlined in the Government of the Republic of Zambia's Annual Borrowing Plan. The Bank of Zambia will specify the instruments available in each auction announcement.

10. What are the auction sizes for 2026?

In the second quarter of 2026, Government bond auctions will be **K6.3 billion**, while Treasury bill auctions will remain at **K2.2 billion**, consistent with the Annual Borrowing Plan. The auction sizes for the remainder of the year will be advised on a quarterly basis.

11. What are Liability Management Operations and when will they start?

The Liability Management Operations (LMO) aim to enhance liquidity in benchmark bonds and smoothen the maturity profile of Government securities. Holders of selected bonds will be able to redeem them before maturity in exchange for benchmark bonds. The Bank of Zambia will announce the effective date and modalities of the operation. These operations will be introduced in the second quarter of 2026.

12. Will the amount of tax that I pay be different for bonds that are re-opened under the benchmark program or LMO ?

No. The amount of tax paid on income for benchmark bonds that are re-opened will not change. Only the coupon income will be subject to withholding tax at the prevailing rate. The discount income will not be subject to withholding tax. This is the same tax treatment for non-benchmark bonds.

13. When will Treasury Bills be auctioned in Q2 2026?

Treasury Bills will be auctioned in the second quarter of 2026 on the following dates:

- a. April 2, 16, 30
- b. May 14, 28
- c. June 11, 25

14. When will Government Bond be auctioned in Q2 2026?

Government bonds will be auctioned in the second quarter of 2026 on the following dates:

- a. April 24, 2026
 - b. June 26, 2026
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