



INVESTING IN VITI BONDS

1. What is a Viti Bond?

A Viti Bond is an alternative option to other investments such as term deposits, shares or units in a trust fund. It is a type of fixed income instrument/paper targeting retail or small investors. The Viti Bond is issued by the Government of Fiji. A total of \$10 million has been allocated for the issue of Viti Bonds for the fiscal year 2019-2020.

2. What is a Bond?

A bond is a type of investment where the investor (bond holder) lends money to the borrower (the issuer).

An issuer sells bonds to raise funds and agrees to pay the bond holder an agreed interest rate at fixed intervals throughout the life of the bond. Interest payments for the bond are referred to as coupons. Bond terms normally range from 2 years to 30 years. At the end of the term, the issuer pays the full amount invested back to the bondholder. In addition, the issuer appoints an agent or a registrar of bonds to handle the issuing of bonds on their behalf.

In the case of Viti Bonds, the investor is the general public and the issuer is the Government of Fiji. The appointed registrar of Viti Bonds is the Reserve Bank of Fiji.

3. What are the Terms and Interest Rates on Viti Bonds?

Viti Bonds will have the following terms and interest rates:

Term	Interest Rate
5 years maturing on 30 January 2025	4.00% p.a.
7 years maturing on 30 January 2027	4.50% p.a.
10 years maturing on 30 January 2030	5.00% p.a.

4. When and how will interest be paid on the Viti Bonds?

Interest will be paid quarterly on the following dates until the bond matures:

- 30 January
- 30 April
- 30 July
- 30 October

Interest will be deposited directly into the investor's local commercial bank account.

5. Is there any tax charged on interest earned on Viti Bonds?

Interest earned from investing in Viti Bonds is exempted from tax.

6. Who is eligible to invest in Viti Bonds?

This is open to the general public. Anyone, including companies, pensioners and foreigners may invest in Viti Bonds.

As for investors residing overseas, you will need to make arrangement with the Reserve Bank of Fiji on the following:

- i. Transfer of funds to Fiji
- ii. Submission of a completed Fiji Government Viti Bond Tender Form
- iii. Opening a local bank account with any of the commercial bank operating in Fiji. Interest earned from your Viti Bond investment will be deposited directly into this bank account.
- iv. Arrangement of the delivery of your Viti Bond certificate.

7. What is the minimum and maximum amount of investment in Viti Bond?

The minimum amount of investment is \$1,000 and thereafter in multiples of \$1,000 up to a maximum amount of \$200,000 per fiscal year.

8. What are some of the advantages of investing in Viti Bonds?

The benefits of investing in Viti Bonds are as follows:

- There is no risk that interest will not be paid or that total funds invested will not be recovered as the bonds are issued by the Government of Fiji;
- Interest earned on the investment is exempt from income tax;
- The rate of interest on the bonds is competitive compared to other similar investments;
- Viti Bonds are transferable and the transfers are free from Government Stamp duty. This means Viti Bond holders can choose to sell part or all of their bond holdings in situations when there is a need for cash.

9. How to invest in Viti Bonds?

Interested applicants who wish to participate may fill in the Viti Bond Tender Form and lodge it with the Reserve Bank of Fiji.

Detailed information about Viti Bonds including how to make a Viti Bond investment is included in the Viti Bond Prospectus. A copy of the prospectus can be obtained from the Reserve Bank of Fiji office and website.

10. When Can I Purchase the Viti Bond?

Viti Bonds will be available for purchase every business day between 21 August 2019 and 17 July 2020.

11. How can I withdraw my Viti Bond investment?

Bondholders are entitled to sell or transfer their Viti Bonds to any person prior to the maturity date. Transfer of bonds must be in multiples of \$1,000.

The Reserve Bank of Fiji stands ready to purchase Viti Bonds at par from the bondholder at any time. Transfer forms are obtainable from the Registrar.

The Registrar shall not be required to make transfer during a period of 14 days preceding any interest payment date. Transfers are free from Government Stamp duty.

Bond transfers are liable for capital gains tax and should be included in income returns submitted to the Chief Executive Officer (FRCS).

12. Where can I get more information on Viti Bonds?

For more information you can visit the Reserve Bank of Fiji website (www.rbf.gov.fj) or liaise directly with the Domestic Markets Unit, Financial Markets Group at Tower 2 of the Reserve Bank of Fiji Building, Pratt Street, Suva.

Reserve Bank of Fiji
Private Mail Bag
Suva
Fiji
Telephone: (679) 331 3611
Fax: (679) 3302094
Email: info@rbf.gov.fj