

# Cagamas reopens domestic corporate bond

BY TAN SIEW MUNG

KUALA LUMPUR: Cagamas Bhd has announced the reopening of its conventional medium term notes (CMTN) of up to RM500 million, with three years' remaining maturity, to fund the purchase of loans from the financial system.

This marked its first such reopening exercise under its RM40 billion Medium-Term Notes Programme, said the national mortgage corporation in a statement yesterday.

"The enlarged tranche size of

outstanding bonds would encourage trading activity of the reopened stock and promote secondary market liquidity for the paper. This strong value proposition would serve as a trade-off for the higher capital charge required by financial institutions (FIs) to invest in private debt securities and is evidenced by 63% of orders to-date coming from FIs," said president and chief executive officer Chung Chee Leong.

He said the increased issue size post-reopening is expected to meet

the pre-requisite minimum size for inclusion into some widely followed local currency bond indices, and promote greater visibility for the company's debt securities, particularly among international investors.

"The issuance received encouraging demand from various market segments and was competitively priced at 57 basis points above the corresponding Malaysian government securities," said Chung.

The CMTN will be listed and be tradable under the Scripless Securities Trading System.