

Cagamas reopens 3-year maturity MTN

by KAVITHAH RAKWAN

CAGAMAS Bhd has reopened the company's three-year remaining maturity conventional medium-term notes (MTN) amounting to RM500 million.

It said the issuance marks the first reopening exercise under its RM40 billion MTN and the proceeds from the issuance will be used to fund the purchase of loans from the financial system.

Cagamas' president and CEO Chung Chee Leong said the enlarged tranche size of the outstanding bonds will encourage trading activity of the reopened stock and promote market liquidity for the debt 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.

"The increased issue size post re-opening is expected to meet the pre-requisite minimum size for inclusion into some of the widely-followed local currency bond indexes and would promote greater visibility for the company's debt securities particularly among international investors," he added.