

## Public Debt Coordination Committee Press Release

The Public Debt Coordination Committee (PDCC), headed by the Manager of Economic Policy and Markets of the Central Bank of Uruguay (BCU) and the Director of the Debt Management Unit at the Ministry of Economy and Finance (MEF), met on December 26th.

During the meeting, the following agenda was addressed:

- **Assessment of the joint issuance and liability management transaction in the domestic market.** The Committee evaluated positively the coordinated operation between the BCU and the MEF. The transaction extended the average maturity and smoothed the amortization profile of government debt, at reasonable costs.

The transaction also helped to continue developing the domestic debt market, especially in securities denominated in the recently created *Unidad Previsional* (UP). The MEF emphasized its commitment to continue deepening and increasing the liquidity of the UP market, both through the recurrent issuance of government securities in that currency, as well as by promoting the issuance of UP-denominated financial instruments by other public institutions.

- **Government's financing strategy.** The Committee discussed the financing needs of the central government for 2019 and different funding options, against the backdrop of heightened volatility in the international market. In this regard, the MEF published, on December 20<sup>th</sup>, 2018, the domestic issuance calendar of Treasury Notes in *Unidad Indexada* (UI) and in *Unidad Previsional* (UP) for the first semester of 2019.
- **Changes in legal and regulatory framework to facilitate use of financial derivative instruments by state-owned enterprises (SOEs).** Both BCU and MEF have spearheaded changes to the legal and regulatory framework to underpin SOEs' risk-management practices, in particular, by facilitating firms'

access to formal exchange markets for FX derivative instruments. In this sense, the Central Bank has introduced the figure of “specialized investors”, and new legal provisions governing SOEs’ contracting of derivatives came into effect in 2019.

The next meeting of the Committee will take place in March 2019.