

Executive Order No. 2024-09

Office of the President

The First Order

Date: 26/09/2024

Subject: Launch of the Debt Instrument Program

I. Background

In response to the evolving financial landscape and the necessity for increased liquidity in our financial system, I, President Rahul Goswami, hereby issue this executive order to initiate a Debt Instrument Program. This program aims to provide innovative investment opportunities to our citizens while fostering economic stability and supporting sustainable lending practices.

II. Objectives

The primary objectives of the Debt Instrument Program are as follows:

1. **Enhance Liquidity:** Facilitate the conversion of long-term loans into tradable debt instruments, thereby improving liquidity for financial institutions and investors.
2. **Attractive Returns:** Offer investors the opportunity to earn stock-like returns through structured investment in derivatives of long-term loans, enhancing their portfolio diversification.
3. **Risk Mitigation:** Establish a clear understanding of the risks associated with investment in these debt instruments while ensuring transparency in the investment process.

III. Key Provisions

1. **Investor Rights and Obligations:**
 - Investors participating in the Debt Instrument Program will acquire a derivative of the loan rather than legal ownership of the loan itself. Consequently, if a borrower seeks to revise the terms of their loan, the initial investor cannot deny the borrower this opportunity, as they do not hold the legal title to the loan.
 - Any revised profit accrued from the renegotiated loan terms will be subject to additional charges, the specifics of which will be determined by the government at a later date.
2. **Retail Investor Restrictions:**
 - Individual retail investors are prohibited from purchasing debt instruments that are derivatives of loans taken out by them. This measure is designed to prevent conflicts of interest and maintain the integrity of the lending process.
3. **Non-Compensation Clause:**
 - In the event of a loan transitioning into a Non-Performing Asset (NPA) status, the government or the associated fund shall bear no liability or obligation to provide compensation to investors. This provision underscores the

fundamental principle that risk is an intrinsic element of investment and should be acknowledged by all parties involved.

4. Regulatory Framework:

- The Debt Instrument Program will be regulated under the existing financial and investment laws of The First Order, with guidelines to be established by the Ministry of Finance to ensure compliance, transparency, and protection for both investors and borrowers.

5. Implementation Timeline:

- The implementation of this program shall commence within 30 days of this order, with specific operational guidelines to be developed in consultation with financial institutions, regulatory bodies, and other relevant stakeholders.

IV. Conclusion

This executive order represents a strategic initiative to bolster our economy through innovative financial solutions while safeguarding the interests of all stakeholders. We are committed to fostering a robust investment environment that empowers our citizens and promotes sustainable economic growth.

Signed,
President Rahul Goswami
The First Order
26/09/2024
