



REPUBLIC OF SOUTH AFRICA

NATIONAL TREASURY

TERMS AND CONDITIONS OF ISSUE

REPUBLIC OF SOUTH AFRICA INTERNAL REGISTERED
VARIABLE RATE BOND, R199, (VARIABLE COUPON,
REDEEMABLE ON 30 MARCH 2007)

Issued by the National Treasury
Private Bag X 115
PRETORIA, 0001

REPUBLIC OF SOUTH AFRICA

GOVERNMENT ISSUE

Loan No: R199

Date listed on the Bond Exchange: 15 May 2002

Date of Terms of Issue: 10 May 2002

Definitions

In this document, unless otherwise stated or implied by the context, the words and phrases in the first column have the meaning stated opposite them in the second column:

“Bond Exchange”	The Bond Exchange of South Africa, a licensed financial exchange in terms of the Financial Markets Control Act, No. 55 of 1989;
“Business day” or “Banking day”	Means any day (other than a Sunday or Official Public holiday in the Republic of South Africa) on which banks are generally open for business in the Republic of South Africa;
“Central Depository”	The Central Depository Limited (Reg. No. 91/00941/06) operating in terms of the Safe Deposit of Securities Act, No. 85 of 1992, for the dematerialization of securities;
“initial issue”	The initial issue of Republic of South Africa bonds by auction;
“interest payment date”	30 March, 30 June, 30 September and 30 December in each year after the issue date or, if such date is not a banking day, the next succeeding banking day, until redemption date;
“issue”	Subject to the provisions of the Financial Management Act, 1999 (No. 01 of 1999) as amended, the National Treasury may decide to increase the amount of the loan at any time prior to the redemption date by creating and issuing additional bonds;
“issue date”	Issue will commence on 15 May 2002;

“redemption date”	30 March 2007 or, if such date is not a banking day, the next succeeding banking day;
“registers”	The registers of bondholders kept by the transfer secretaries;
“Rules”	The rules and directives of the Bond Exchange;
“settlement agent”	Means a Settlement Agent as emphasized in the rules of BESA;
“settlement date”	T + 3 after auction date, being the date upon which successful applicants are required to pay for the Republic of South Africa bonds allotted and issued to them;
“transfer secretaries”	National Treasury of the Republic of South Africa or any other person appointed by the Issuer as its Transfer Secretary in respect of the Bonds, provided no such appointments shall be effective until the Issuer has notified all Bondholders of the name and address of the person appointed;
“Republic of South Africa Variable Rate Internal Registered Bond”	“Republic of South Africa Internal Registered Bonds” means Republic of South Africa Internal Registered Bond R199 classified as “loan stock” pursuant to the provisions of the Financial Markets Control Act, No. 55 of 1989 as well as specified in the Financial Regulations 13.11.5 made under section 66 of the Public Finance Management Act, 1999 (Act no. 1 of 1999).

Terms and conditions of the issue

General

This document should be read in conjunction with Financial Regulations (inclusive) made under section 66 of the Public Finance Management Act, 1999 (Act no. 1 of 1999).

Issue

Republic of South Africa Variable Rate Bonds 2007.
The loan will bear the bond code R199.

Authorisation

The authorisation to issue was given by the Minister of Finance on 20 February 2002 in terms of Section 66(2) of the Public Finance Management Act (Act 1 of 1999). In terms of Section 214(2)(b) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 73 of the Public Finance Management Act the repayment of the capital amount and the interest thereon shall be a direct charge against the National Revenue Fund and is deemed to have been appropriated by Law.

Purpose of the issue

The purpose of the issue is to raise funds to be used for the general purposes of the National Government.

Interest

A variable coupon will be paid every quarter in arrears until 30 March 2007.

Coupon payment dates will be 30 March, 30 June, 30 September and 30 December of each calendar year up to and including the redemption date, and the first payment will be made on 30 June 2002.

The Registers will be closed from 16 March till 30 March, 16 June till 30 June, 16 September till 30 September and 16 December till 30 December of each year (all dates inclusive) or such shorter period as market conditions may allow to determine bondholders entitled to receive interest.

Interest will cease to accrue on the bond from the maturity date.

If the coupon payment date is not a Banking Day, payment will be made on the next succeeding Banking Day without any additional payment of interest.

Interest will, subject to Exchange Control Regulations, be paid in the currency of the Republic of South Africa on the interest date to the bondholder registered at book close date by electronic transfer into the accounts of the bondholders specified in their payment instructions, unless in respect of individual bondholders, alternative instructions are agreed with the transfer secretaries in advance.

As at the date of this document and in terms of current legislation, interest derived from an investment in Government bonds is fully taxable for residents while non-residents are exempted.

The coupon rate on this bond will be equal to the ruling effective interest rate on the 91-day Treasury Bills which is determined by the last 91-day Treasury Bill tender before the issue date. Subsequent coupon rates will be equal to the effective 91-day Treasury Bill interest rate which is determined by the last 91-day Treasury Bill tender on/or before the commencement of the interest period.

The National Treasury pays interest to the registered holders on the respective interest dates on the basis of actual days in interest period/365 days.

Method of issue

Variable rate bonds will be made available to the market by means of auctions. Participation in the auctions will be open to all market participants. Bids at the auctions should be submitted based on price and should be for the minimum amount of R10 million and multiples of R5 million. Provision should be made for cum or ex interest in the price. Bonds will be allotted on the basis of highest price bid until the auctioned amount is fully subscribed. The auction price will be converted to a bond yield for purposes of recording by the National Treasury and for reporting to the Bond Exchange.

In the unlikely event of any circumstances that might, in the discretion of the National Treasury, be considered to adversely impact on the fairness of a particular auction, the National Treasury retains the sole right in the allotment of auctioned bonds to individual bidders.

Repayment and Date of Redemption

Repayment will be effected at par on 30 March 2007.

No redemption payment in respect of bonds held by individual bondholders will be made unless the certificate in respect of the bond has been surrendered to the transfer secretaries. Certificates must be surrendered 14 days prior to the redemption date and it is not the responsibility of the transfer secretaries to give notice to individual holders on the maturity of their bonds.

Redemption payments will, subject to Exchange Control Regulations, be made in the currency of the Republic of South African on the redemption date by electronic transfer into the accounts of the bondholders specified in their payment instructions, unless in respect of individual bondholders, alternative instructions are agreed with the transfer secretaries in advance.

If the redemption payment date is not a Banking Day, payment will be made on the next succeeding Banking Day without any additional payment of interest.

Bonds are not repayable prior to the maturity date.

Trading

The bond is listed on the Bond Exchange as an approved financial instrument under the bond code R199.

Exchange Control Regulations

Former residents of the Common Monetary Area (being the Republic of South Africa, Namibia and the Kingdoms of Swaziland and Lesotho) may use blocked funds to acquire Republic of South Africa bonds subject to South African Exchange Control Regulations.

All payments in respect of application for Republic of South Africa bonds by non-residents must be made through an authorised dealer in foreign exchange.

Republic of South Africa bonds issued to a non-resident individual bondholder whose registered address is outside the Common Monetary Area will be endorsed "non-resident" and will be sent to the authorised dealer through which the payment was made for their control in terms of the South African Exchange Control Regulations.

Transfer and Settlements

Transfers of this bond will be effected by deeds registered in the books of the transfer secretaries, where the register of bonds are kept and as prescribed by Section 135 of the Companies Act, 1973 (Act No. 61 of 1973).

The Central Depository, which holds scrip in custody and facilitates transfer of ownership electronically within the depository system and the individual bondholders, will be the registered bondholders. The transfer secretaries will list in their register, the Central Depository and the individual bondholders. The settlement agents will keep registers of those bondholders in the Central Depository.

The bond register will be closed for the registration of transfers, 14 days before each quarterly interest date.

Bond certificates shall be issued by the transfer secretaries to the transferees for the full amount transferred into their own names.

Settlements take place electronically, via a settlement agent and according to the rules of the Bond Exchange of South Africa. Rolling settlements of T+3 will apply. Settlement agents will follow the electronic settlement procedures prescribed by the rules of the Bond Exchange.

Other

In terms of Section 25 of the Public Finance Management Act, 1999 (Act 1 of 1999), the National Treasury shall not be responsible for the fulfillment of any obligation resulting from any lien, whether expressed, implied or construed, which is held over a bond certificate, notwithstanding whether the National Treasury was notified of such lien or not.

In the event of a bond certificate being lost, destroyed or damaged, the transfer secretaries may on request and upon payment of all reasonable costs and fulfillment of any other conditions that may be set, replace such certificate.

The bondholder must immediately advise the transfer secretaries of any change of address.

Bond Exchange listing

The South African government bonds are listed on the Bond Exchange as an approved financial instrument in terms of the Financial Markets Control Act, No. 55 of 1989 and the Rules of the Bond Exchange.

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Signed at Pretoria on behalf of the Issuer on

2002

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