



REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF FINANCE

TERMS OF ISSUE

**REPUBLIC OF SOUTH AFRICA INTERNAL REGISTERED
BOND 12% 2004/5/6 (R150)**

Issued by the Department of Finance
Private Bag X 115
PRETORIA, 0001

REPUBLIC OF SOUTH AFRICA

GOVERNMENT ISSUE

Loan No: R150

Date listed on the Bond Exchange:	2 May 1989
Date of Terms of Issue:	2 May 1989

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;
“banking day”	Any day except a Sunday, public holiday or any other day declared by the executive committee of the Bond Exchange, and approved by the Registrar of Financial Markets, not to be a business day or banking day;
“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 immobilisation of securities;
“initial issue”	The initial issue of Republic of South Africa bonds by auction to primary dealers in government bonds;
“interest payment date”	28 February and 31 August in each year after the issue date and if such date is not a banking day, the next succeeding banking day, until redemption date;

“issue”	Subject to the provisions of the Exchequer Act, 1975 (No. 66 of 1975) as amended, the Department of Finance 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 Thursday, 2 May 1989;
“redemption date”	28 February 2004, 2005 and 2006 or, if such date is not a business day, the next business day;
“registers”	The registers of bondholders kept by the settlement agents and the transfer secretaries;
“Rules”	The rules and directives of the Bond Exchange;
“settlement agent”	Any of the institutions approved by the executive committee of the Bond Exchange to perform electronic net settlement of both funds and scrip on behalf of all market participants on the Bond Exchange from time to time;
“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”	Department of Finance;
“Republic of South Africa Internal Registered Bonds”	Republic of South Africa Internal Registered Bond (Loan No. R150) 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 11(1) – (5) made under section 38(1) of the Exchequer Act, 1975 (Act No. 66 of 1975).

Terms and conditions of the issue

General

This document should be read in conjunction with Financial Regulations 11-18 (inclusive) made under section 38(1) of the Exchequer Act 1975 (Act No. 66 of 1975).

Issue

Republic of South Africa 12% Internal Registered Bond 2004/5/6.
The loan will bear the bond code R150.

Authorisation

The issue was approved by the Minister of Finance on 28 February 1998 in terms of Section 19(1)(b) of the Exchequer Act, 1975, (Act 66 of 1975). In terms of Section 214(2)(b) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 20 of the Exchequer 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 coupon of 12% per annum will be paid semi-annually in arrears until 28 February 2006.

Coupon payment dates will be 28 February and 31 August of each calendar year up to and including the redemption date, and the first payment will be made on 31 August 1989.

The Registers will be closed from 30 January to 28 February and 30 July to 31 August 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 Banking Day without payment of additional 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, contrary 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.

Redemption of Capital

The repayment of the capital shall be made in three equal amounts on the following dates:

28 February 2004

28 February 2005

28 February 2006

One third of the nominal value of the loan, rounded off to the nearest R1,00 will be redeemed on 28 February 2004, after which no further interest will accrue on the said amount. New bond certificates will be issued for the two-thirds balance in equal proportions with redemption dates on 28 February 2005 and 28 February 2006 and with a coupon rate of 12%.

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.

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, contrary instructions are agreed with the transfer secretaries in advance.

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

Bonds are not repayable prior to the maturity date.

Trading

The bond is listed on the Bond Exchange (under the bond code R150).

Method of issue

The bond is issued through a panel of primary dealers by invitations to tender at auctions.

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 authorized 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.

Stamp duty

In terms of current legislation, as at the date of this terms of issue, South African government bonds are transferable free of stamp duty and registration charges. Any future statutory changes will be for the cost of bondholders as recorded in the registers at such time.

Settlements

Bonds are negotiated on a yield to maturity basis. The amount payable is based on the clean (cash price) of the investment plus the accrued interest calculated until the agreed settlement date (dirty price). Settlements take place electronically and via a settlement bank. Rolling settlements of T + 3 have been effected by the Bond Exchange since 17 November 1997. Settlement agents will follow the electronic settlement procedures prescribed by the Rules of the Bond Exchange when making interest and capital payments. The Rules are available on request from the Bond Exchange.

Transfers

Transfers of this bond will be effected by deed 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.

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

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 Government on

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