



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PRESS RELEASE

SWITCH AUCTION OF THE R153 (13.0%:2010) GOVERNMENT BOND

1. The National Treasury will, subject to market appetite, switch the R153 government bond with a coupon of 13.0% maturing on 31 August 2010.
2. The switch auctions will be conducted once a month for August, September, October and November. The dates and the destination bonds will be announced 7 days before the auction is conducted.
3. The switch auction for August will be conducted on **07 August 2008**.

The Terms and Conditions of the switch auction are as follows:

4. **Methodology:** The switch auction will be on a cash neutral basis and an **All-In-Pricing** method is applicable. However, bids will be submitted in terms of yield.
5. **Participation:** Although the switch auction is on a voluntary basis, only primary dealers are eligible to participate.
6. The National Treasury reserves the right to decide the maximum amount to be switched.
7. The **source bond** for the auctions is the R153 (13.0% : 2010) and the **destination bonds** are as follows:
 - R208 (6.75:2021)
 - R186 (10.5% : 2026)
8. Participants have the option to switch from the source bond into any of the applicable destination bonds mentioned above.
9. The switch auction will be conducted on a multiple yield (American style).

10. Participants should submit their bids for the destination bonds at competitive yields.
11. Participants should submit their offers to switch a nominal amount of source bonds, at the released indicative yield, into the destination bonds.
12. Offers to switch out of the source bond (R153) should be for a minimum nominal amount of R10 million and thereafter in multiples of R5 million.
13. Settlement will be on a T+3 basis.
14. The time for the auction on the abovementioned date is as the follows:
 - Auction start : 10h00
 - Auction close : 10h30
 - Results : 11h30
15. An indicative yield for the source bond will be published at 09h30 on the day of the auction on Reuters, Bloomberg and the SARB's website.
16. Handling of odd-lots:
 - 15.1 A facility is available to successful participants to top-up any odd-lots of the destination bonds allotted to the nearest R1,0 million.
 - 15.2 The top-up amounts will be sold to the participants at their respective allotted yields/prices.
 - 15.3 This facility will be available until 12h00 on the following business day and the SARB dealing desk can be contacted in this regard.
 - 15.4 Odd-lots will settle on a T+2 basis.

For further information:

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