



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PRESS RELEASE

TERMS AND CONDITIONS OF THE R195 (10, 00%:2008) SWITCH AUCTION

1. The National Treasury will switch a minimum amount of R7, 0 billion from the R195 fixed interest bond with a coupon of 10, 00%, maturing on 28 February 2008.

The Terms and Conditions are as follows:

2. **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.
3. **Participation:** The switch auction is on a voluntary basis. Only primary dealers are eligible to participate.
4. The National Treasury reserves the right to switch nothing or less than the announced amount.
5. The source bond for this auction is the R195 (10.00%: 2008) and the **destination bonds** are as follows:
 - 5.1. R206 (7.50%:2014),
 - 5.2. R207 (7.25%:2020) and
 - 5.3. R209 (6.25%:2036).
6. The minimum amounts of the destination bonds:
 - 6.1. R2,5 billion into R206 (7.50%:2014),
 - 6.2. R2,5 billion into R207 (7.25%:2020) and
 - 6.3. R2,0 billion into R209 (6.25%:2036)
7. Switch auction will be conducted on a multiple yield basis, where successful bidders will switch at their respective bidding yields.
8. Primary Dealers will submit their bid/offers of the destination/source bond at competitive yields.
9. Primary Dealers will be allowed to submit their bids and offers to switch a nominal quantity of the source bond into the destination bonds at a yield of the destination bonds.
10. Primary Dealers have to state the nominal amount of the source bond they want to switch, with minimum amounts of R10 million and multiples of R5 million.

11. Primary Dealers have the option to switch from the source bond into one or any of the mentioned destination bonds at competitive bids together with the yield for the destination bond.

12. Settlement will be on a T+3 basis.

13. Timing of the switch auction is as follows:

13.1.	Auction date	:	28 January 2008
13.2.	Settlement date	:	31 January 2008
13.3.	Auction start	:	11h00
13.4.	Auction close	:	11h30
13.5.	Results	:	12h00

14. The National Treasury will publish **an indicative yield for the source bond at 10h30.**

15. Following the announcement of the indicative yield on auction day by the National Treasury on the source bond (at 10h30), Primary Dealers will submit their bid/offers of the destination/source bond at competitive yields.

16. Odd-lot amounts during the Switch Auction:

16.1. The conversion of the source bond to the destination bond will usually have the implication of the nominal of the destination bond being an odd amount. The National Treasury is prepared to round upwards any odd amounts to the nearest R1 000, 000. 00 (one million rand).

16.2. An option is available to Primary Dealers to top-up any odd amounts up to the nearest R1 000, 000. 00 from National Treasury.

16.3. The topped up amount(s) will be sold to the successful bidders at the allotted yield of the auction.

16.4. This option will be available up to 12h00 the next business day following the auction.

16.5. Odd-lots will settle on 31 January 2008.

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