

TERMS AND CONDTIONS OF THE SWITCH AUCTION PROGRAMME 2010/11 – 2012/13

THE SWITCH AUCTION PROGRAMME

- 1. The National Treasury will conduct the switch auction programme over three years to manage the refinancing risk of the government debt portfolio.
- 2. The switch auction programme will commence in June 2010 and will be concluded by the end of the 2012/13 financial year.
- 3. The switch auctions calendar will be published in June and January of each year until the end of the programme.
- 4. The calendar will include the following information:
 - Auction Announcement dates
 - Auction dates
 - Settlement dates
- 5. The National Treasury reserves the right to decide the minimum and maximum amounts to be switched during this programme.

METHODOLOGY

- 6. The switch auctions will be on a cash neutral basis and an All-In-Price pricing method is applicable.
- 7. Bids should be submitted on a yield basis.
- 8. The auctions will be conducted on a multiple yield basis (American style where each bid is allocated to the amount), thus submitted bids should be competitive yield.
- 9. The bids submitted are applicable to the destination bonds.

THE SWITCH AUCTIONS

Frequency

10. The switch auctions will be conducted on a monthly basis, on the dates indicated on the published calendar.

Announcements

- 11. The announcements will be made seven (7) days before the auction is conducted.
- 12. Auction announcements will include the following:
 - Source bond
 - Destination bond(s)
 - Amount to be switched

Auction day

13. The applicable times on the day of the auctions are as follows:

Auction start : 10h00
Auction close : 10h30
Results published : 11h30

Settlement

14. Settlement will be on a T+3 basis

Indicative yield of the source bond

15. An indicative yield of the source bond will be published at **09h30** on the day of the auction on Reuters, Bloomberg and the South African Reserve Bank (SARB) website.

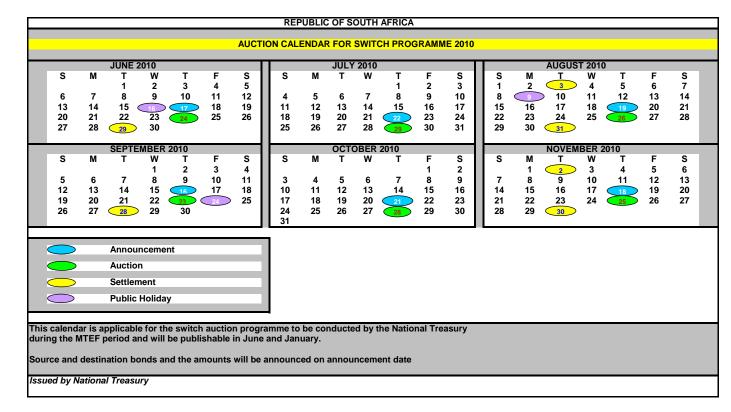
PARTICIPATION

- 16. Participation in the switch auctions is voluntary through any of the current Primary Dealers in RSA government bonds. Only Primary Dealers are eligible to submit the bids during these auctions.
- 17. Participants should submit their offers to switch a nominal amount of the source bond, at the indicative yield, into the destination bond(s).
- 18. Offers to switch out of the source bond should be for a minimum nominal amount of R10 million.

HANDLING OF ODD-LOTS

- 19. A facility is available to successful participants to top-up any odd-lots of the destination bonds allotted upward to the nearest R1 million.
- 20. The top-up amount will be sold to the participants at their respective allotted yield/prices.
- 21. This facility will be available until 12h00 on the following business day and the SARB dealing desk may be contacted in this regard.
- 22. Odd-lots will settle on T+2 basis.

SWITCH AUCTION CALENDAR



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