
TERMS AND CONDITIONS OF THE SWITCH AUCTION PROGRAMME 2021/22

The switch auctions

1. The methodology of the switch auctions will be a cash neutral basis and an all-in-price pricing method. The bids submitted during the auctions will be on a yield basis, and pricing at allocation will be based on a competitive pricing/Dutch method.

Frequency of the switch auctions

2. Switch auctions will be conducted according to set dates which will be published at the start of the fiscal year when National Treasury releases the auction calendar.

Allocation

3. The amount on offer in the switch auctions is indicative. The National Treasury reserves the right to decide on the minimum and the maximum amount to be allocated within the switch auction. The maximum amount allocated will not be exceeded by more than 40% of the indicative amount.
4. The yield for destination bonds will not be fixed or predetermined and the auction will be conducted on a competitive basis.
5. National Treasury reserves the right to under-allocate the auction if bids received are deemed to be unfavourable.
6. National Treasury reserves the right to over-allocate the auction in line with point 3

Announcements of switch auctions

7. Announcement of the bonds to be included in the auction will be made 30 minutes before the start of the auction.
8. Auction announcements will include the following:
 - Actual source bond(s);
 - Actual destination bond(s);

- Amount on offer; and
- The starting time and duration of the auction.

Switch auction day

9. No bids will be considered after the auction has closed.

Settlement

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

Participation in the switch auctions

11. Participation in the switch auctions is voluntary for all market participants. However, only Primary Dealers in RSA government bonds are eligible to submit bids during the auction.

12. Participants should submit their offers to switch a nominal amount of the source bond(s), at competitive yield(s) of the destination bond(s).

13. Offers to switch the source bond(s) should be for a minimum nominal amount of R10 million.

Handling of odd-lots after the switch auction

14. A facility is available to successful participants to top-up any odd-lots of the destination bonds allotted upward to the nearest R1 million.

15. The top-up amount will be sold to the participants at the allotted yield.

16. This facility will be available until 12h00 on the following business day and the SARB dealing desk may be contacted in this regard.

17. Odd-lots will settle on T+2 basis.

For Further Information, Please Contact:

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