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## **TERMS AND CONDITIONS OF THE SWITCH AUCTION PROGRAMME**

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### **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.
2. Switch auctions will be conducted at the predetermined yield for both source and destination bonds.

### **Frequency of the switch auctions**

3. The switch auctions will be conducted on an ad hoc basis and there will be no calendar published.

### **Announcements of switch auctions**

4. Announcement will be made 24 hours prior to the auction.
5. Auction announcements will include the following:
  - List of possible source bond(s);
  - List of possible destination bond(s); and
  - The starting time and duration of the auction.

### **Switch auction day**

6. On the day of the auction:
  - The actual source and destination bonds will be published
  - The indicative yield of both the source bond(s) and the destination bond(s) will be published at the start of the auction.
  - The indicative yield(s) will be published on Bloomberg, Reuters and South African Reserve Bank (SARB) website.
  - No bids will be considered after the auction has closed.

## **Settlement**

7. Settlement will be T+3.

## **Participation in the switch auctions**

8. 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.

9. Participants should submit their offers to switch a nominal amount of the source bond(s), at the pre-determined yield(s) of the destination bond(s).

10. 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**

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

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

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

14. Odd-lots will settle T+2.

## **For Further Information, Please Contact:**

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