



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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## **TERMS AND CONDITIONS OF THE SWITCH AUCTION PROGRAMME 2010/11 – 2012/13**

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### **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

REPUBLIC OF SOUTH AFRICA																																																																																																																																																		
AUCTION CALENDAR FOR SWITCH PROGRAMME 2010																																																																																																																																																		
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<p>This calendar is applicable for the switch auction programme to be conducted by the National Treasury during the MTEF period and will be publishable in June and January.</p> <p>Source and destination bonds and the amounts will be announced on announcement date</p> <p><i>Issued by National Treasury</i></p>																																																																																																																																																		

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8 June 2010