

Instruction sheet for participation in the US dollar auction conducted by Danmarks Nationalbank

Type of auction	Variable rate tender with a minimum bid rate (allotment at uniform pricing/Dutch Auction).
Allotment	<p>Bids are listed in descending order of offered interest rates. Bids with the highest interest rate are satisfied first. Subsequently, bids with successively lower interest rates are accepted until the total liquidity to be allotted is exhausted. Allotment will take place at the marginal interest rate which is the lowest bid rate accepted.</p> <p>If, at the marginal interest rate, the aggregated bid amount exceeds the remaining amount to be allocated, the remaining amount is allocated on a pro rata basis among the bids according to the ratio: "remaining amount / total bid amount at the marginal interest rate". Pro rata allotment is rounded to the nearest USD.</p>
Auction details	<p>A minimum bid rate for USD will be set and published by Danmarks Nationalbank at 10:00 a.m. CET on the day of the auction. Individual bids below the specified minimum bid rate will not be accepted.</p> <p>Each counterparty may submit up to 3 bids. For each bid, participants must specify both the USD amount and the USD interest rate. Amounts for individual bids must be expressed in whole USD millions and the minimum bid amount for each bid is equal to USD 10 million. Bid rates for individual bids should be expressed in hundreds of a percentage point (i.e. two decimal places at the most).</p> <p>Bids are to be submitted between 10:00 a.m. and 11:00 a.m. CET on the auction day and are submitted by fax to Danmarks Nationalbank on + 45 33 63 71 06. The submission form can be accessed on Danmarks Nationalbank website under "Market info -> US dollar auction". Subsequently, submitted bids must be confirmed by email to fx@nationalbanken.dk. Later on the auction day, a reply to this email will notify the counterparties of the allotment received and the settlement instructions.</p> <p>Allotment of USD will be based on valid bids at the close of the auction.</p> <p>Banks that do not comply with the above provisions will be excluded from the auction.</p>
Publication of results	A summary of the auction results will be published on the day of the auction at 12:00 p.m. CET via news agencies and Danmarks Nationalbank's website.

Eligible counterparties Monetary-policy counterparties of Danmarks Nationalbank

Collateral Eligible collateral for the USD operation is the standard collateral used in monetary-policy operations with Danmarks Nationalbank, cf. the list of eligible collateral for borrowing DKK. Collateral will be subject to the standard initial margins that apply plus an additional margin to mitigate foreign exchange rate risk.

TABLE – Additional margins

Days to maturity	14 days	28 days	63 days	84 days
Margin	14 pct.	17 pct.	18 pct.	20 pct.

The counter value in DKK of the USD will be calculated on the basis of the fixing rate on the day of the auction.

In case a maturing loan is expected to be fully or in part rolled over, counterparties may enter into a netting agreement regarding collateral. If netting is not agreed, collateral will be reserved for the full amount of the new loan without off-setting the collateral reserved for the maturing loan. Netting can be agreed by contacting Danmarks Nationalbank's Back Office at phone +45 33 63 69 59 before 3:00 p.m. CET on the day of the auction.

The transfer of collateral will take place at 10:00 a.m. CET on the banking day immediately following the auction day, whereby Danmarks Nationalbank will have recourse to the counterparty's custody account for operations in DKK, cf. Danmarks Nationalbank's terms and conditions for credit facilities in DKK.

The total value of the custody account is reduced by the counter value of the USD loan in DKK (calculated on the basis of the fixing rate on the day of the auction) plus the additional margin, cf. the table above.

The collateral is returned when Danmarks Nationalbank has registered repayment of the loan, on the banking day following the maturity date at the earliest. Release will take place as a cancellation of the transfer.

Detail of Settlement Danmarks Nationalbank will settle the USD loan as a "fixed loan/deposit" reciprocally confirmed on the auction day by MT320.

Counterparties' information for settlement should appear on the submission form.

The USD loan is paid out when transferred to the counterpart's USD correspondent bank on the value day.

Repayment takes place by a transfer to Danmarks Nationalbank's correspondent bank on the maturity date not later than 4:00 p.m. CET.

Danmarks Nationalbank's correspondent bank for these loans is The Federal Reserve Bank of New York, with the following instructions for settlement: BIC code: FRNYUS33, account number: 0210-8143-5 (Fedwire).

Further provisions For more information cf. "Documentation for monetary-policy instruments and settlements of payments DKK, EUR, SEK and ISK in Danmarks Nationalbank".

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