

## TRANSLATION

The Danish Ministry of Finance  
The Danish Ministry of Social Welfare

### Regulations governing the management of the Social Pension Fund

Pursuant to section 1(2) of the Danish Act on the Social Pension Fund, cf. Consolidated Act no. 131 of 27 February 2004, the following rules are laid down for the management of the funds of the Social Pension Fund:

1. To undertake ongoing tasks as laid down by the guidelines of these regulations, a committee shall be appointed with representatives from the Ministry of Social Welfare, the Ministry of Finance and Danmarks Nationalbank (Nationalbanken). This committee, which elects a chairman from among its members, shall meet at regular intervals.
2. A special account has been established at Nationalbanken in the name of the Social Pension Fund. As from 1 January 1997, the account shall earn interest separately in accordance with the rules applying to “the central government’s current account” and the interest income shall be credited to the Social Pension Fund. The Social Pension Fund shall be included in the central-government accounts. The accounts of the Social Pension Fund shall be kept by the Government Debt Accounting.
3. The special old-age contribution that was collected pursuant to section 1(2) of Act no. 270 of 4 June 1970 on the Social Pension Fund and abolished with effect from 1 January 1982 has been transferred to the account of the Social Pension Fund with Nationalbanken.

Interest on the assets of the Social Pension Fund, together with the proceeds of drawn or sold bonds, shall be transferred to the account of the Social Pension Fund.

4. Amounts that have been transferred to the account of the Social Pension Fund, shall be invested in listed bonds, including index-linked bonds. Nationalbanken, in its capacity as agent of the Social Pension Fund, shall act as intermediary for the purchase and management of the bond portfolio. Unless otherwise exceptionally provided by the committee mentioned in item 1 above, the purchase of bonds shall take place within 90 days after the amounts in question have been credited to the account.
5. The placement of the funds of the Social Pension Fund shall be co-managed with other central-government financial assets and liabilities under the central-government debt area, including, in particular, the domestic government debt. The financial management of the bond portfolio shall be based on a duration band determined at the government debt meetings. The duration band pertaining to the Social Pension Fund’s portfolio shall be approved by the committee.

Moreover, it shall be possible to make conversions between bond types if warranted by price conditions.

On purchasing bonds both for reinvestment and for conversion purposes, efforts shall be made to ensure that the natural price relations in the market are not significantly affected.

It shall be sought to ensure a sound return with due consideration of the overall implications for central-government finances of the transactions of the Social Pension Fund.

6. Each year, the amount adopted in the Finance Act shall be transferred from the Social Pension Fund to the Ministry of Social Welfare. Each month, Nationalbanken shall transfer one-twelfth of the annual amount from the account of the Social Pension Fund to the Danish Treasury.

7. Purchase and sale of bonds shall be settled with the usual value at the following prices:

a) The same price, free of charge, as that apply to Nationalbanken's purchases from the Ministry of Finance, when on-the-run government bonds are purchased on behalf of the Social Pension Fund.

b) The price, free of charge, obtained by Nationalbanken when purchases are made in the market on behalf of the Social Pension Fund.

c) The official price, free of charge, prevailing on the settlement date when purchases are made from the holdings of Nationalbanken on behalf of the Social Pension Fund.

d) The purchase price, respectively the sales price, free of charge, on the trading time when purchases and sales are made with a view to reinvestment.

8. Auditing conducted in connection with the activities of Nationalbanken in its capacity as agent for the Social Pension Fund and manager of the Social Pension Fund's bond portfolio shall be undertaken by the audit function of Nationalbanken in collaboration with the National Audit Office of Denmark pursuant to section 9 of the Auditor-General's Act.

9. The provisions of these Regulations may be amended by the Minister for Social Welfare and the Minister for Finance following negotiations.

10. These Regulations repeal and replace the Regulations of 10 November 1999.

Copenhagen, 04 November 2008

The Ministry of Finance    The Ministry of Social Welfare

[signed:]

[signed:]

Lars Løkke Rasmussen    Karen Jespersen