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## **Translation**

### **Electronic trading and market-making in Danish government bonds**

On 4 November 2003 electronic trading and market-making in Danish government bonds are introduced.

MTS, the predominant platform for trading in European bonds, is chosen as electronic trading platform. Wholesale trade in Danish government bonds will take place in a new market segment on MTS Associated Markets which is a Belgian MTS company on which Belgian and Finnish government bonds are already being traded.

All government bonds of the type bullet loan, with a maturity of more than 13 months, will be traded on MTS Associated Markets, i.e. the following government bonds:

- ◆ Benchmark and on-the-runs:
  - 4 per cent bullet loans 2005
  - 4 per cent bullet loans 2008
  - 5 per cent bullet loans 2013
- ◆ Other bullet loans:
  - 7 per cent bullet loans 2004
  - 5 per cent bullet loans 2005
  - 8 per cent bullet loans 2006
  - 7 per cent bullet loans 2007
  - 6 per cent bullet loans 2009
  - 6 per cent bullet loans 2011
  - 7 per cent bullet loans 2024

Issuance and buy-back operations of government bonds will take place on MTS Associated Markets.

A modern trading platform, where Danish government bonds are traded in the same way and as efficiently as other countries' government bonds, is a precondition for the government – also in future – to be able to finance its

borrowing requirement in a well-functioning market with efficient pricing. Introducing electronic trading is a step forward in developing the Danish market and bringing its facilities in line with standards in other countries with developed financial markets.

The work related to introducing electronic trading and market-making has been carried out by Government Debt Management in cooperation with present and future market makers.

In connection with the introduction of electronic trading and market-making a primary dealer system has been established. Most OECD countries operate primary dealer systems. A group of banks, the so-called primary dealers, enter into agreement with the issuer in order to ensure a well-functioning market. First of all, the primary dealers commit to currently offer bid and ask prices within fixed spreads and for fixed minimum amounts in the wholesale market. Introduction of electronic trading on the MTS platform has, as intended, made international banks more interested in playing an active role in the market for Danish government bonds. As a result, a number of new international banks have been nominated as primary dealers. The primary dealers are:

*ABN Amro, Amtssparekassen Fyn, Barclays, Danske Bank, Deutsche Bank, HSH Nordbank, JP Morgan, Morgan Stanley, Nordea, Nykredit Bank, SE Banken, Svenska Handelsbanken and Sydbank.*

At the Copenhagen Stock Exchange, an electronic pricing system for the retail market for Danish government bonds will be introduced. The contents of the pricing system have been sent to the Danish Securities Council.

Please direct any questions to the above to Head of Government Debt Management, Ove Sten Jensen, on phone +45 3363 6102.