

Primary Dealer Contract in Danish Government Bonds

The Danish Government Debt Management at Danmarks Nationalbank, agent of the Ministry of Finance, herein subsequently referred to as Government Debt Management, and <name of the institution> enters into this primary dealer contract.

The contract becomes effective on 1 January 2023 and continues until terminated by either party, cf. Article 5.1.

For Government Debt Management,

.....
(Date and signature)

.....
(Date and signature)

.....
(Name)

.....
(Name)

.....
(Function)

.....
(Function)

For <name of financial institution>

.....
(Date and signature)

.....
(Date and signature)

.....
(Name)

.....
(Name)

.....
(Function)

.....
(Function)

1. Terminology

The following terms in this agreement have the meanings defined herein:

Primary Dealer in government bonds:

An institution which is party to a Primary Dealer contract in Danish government bonds with Government Debt Management.

Primary Dealer Committee: Committee formed by Government Debt Management and Primary Dealers in Danish government bonds with the purpose of supporting liquidity and transparency in the Danish government bond market and to provide a forum for exchange of information and resolution of problems. **Primary Dealer Fee:** The total fee pool as defined in the Primary Dealer Terms and Conditions to be shared amongst all Primary Dealers in government bonds based on their individual performance in accordance with the Primary Dealer Terms and Conditions.

Primary Dealer Terms and Conditions:

The terms and conditions applicable stipulating the framework for market making, setting the Primary Dealer Fee and governing the distribution of the Primary Dealer Fee amongst all Primary Dealers in government bonds.

Market making: Quoting of two-way prices for government bonds for a period within 9:00 – 16:30 in accordance with the framework for market making defined by the Government Debt Management in the Primary Dealer Terms and Conditions.

Government bonds: Refers to DKK-denominated Danish government bonds.

Governing framework: The framework for Government Debt Management activities in the primary and secondary market.

Chosen platform(s): The trading platform(s) used for market making in the secondary market for Danish government bonds. In consultation with Government Debt Management, the Primary Dealer Committees in bonds and T-bills elect the platform(s) used for market making.

2. Privileges of Primary Dealers in government bonds

The Primary Dealers in government bonds have the right to:

- 2.1. carry the title "Primary Dealer in Danish government bonds".
- 2.2. participate in Government Bond auctions.
- 2.3. participate in Government Debt Management's switch auctions.
- 2.4. be a counterpart in Government Debt Managements secondary market activities on the chosen platform
- 2.5. use the securities lending facility of the central government as stipulated in the "Terms for the Central-Government's Securities Lending Facility".
- 2.6. participate in meetings of the Primary Dealer Committee.
- 2.7. advise and discuss with Government Debt Management developments in government debt markets.
- 2.8. receive a share of the Primary Dealer Fee based on the relevant Primary Dealer in government bonds' performance in accordance with the Primary Dealer Terms and Conditions.

The privileges do not apply to, and cannot be extended to, third parties.

3. Obligations of Primary Dealers in government bonds

Primary Dealers in government bonds are required to:

- 3.1. be active counterparts in Government Debt Management's activities.
- 3.2. be market makers in government bonds with more than 13 months remaining maturity.
- 3.3. quote two-way prices in the relevant government bonds within the timeframe 9.00-16.30 and in accordance with the framework for market making as set out in the Primary Dealer Terms and Conditions.
- 3.4. actively promote and increase awareness of government bonds.
- 3.5. make every effort to support a well-functioning market, and to prevent occurrences of market failures, i.e. be obliged to generally display good code of conduct. Accordingly, Primary Dealers in government bonds should abstain from activities that will result in market failures, and be obliged – within reason – to perform activities, which eliminate or reduce the risk of market failures.

- 3.6. display good code of conduct in the clearing and settlement of trades ensuring high settlement rates in the settlement institutions clearing trades. Similarly, good code of conduct is required in the use of the securities lending facility of the central government.
 - 3.7. regularly report to Government Debt Management on developments in financial markets and specific developments affecting Danish government bonds.
 - 3.8. accept automatically transmitted reports to Government Debt Management from the elected platforms regarding their turnover of Danish government bonds and regarding their quotation of prices related to the market making obligation.
 - 3.9. submit periodic performance data to Government Debt Management in accordance with the Primary Dealer Terms & Conditions for the purpose of determine the Primary Dealer Fee and, if so requested by Government Debt Management, promptly deliver additional documentation confirming the submitted performance data.
- 4. Syndication of government bonds**
- 4.1. For syndicated transactions lead managers or lead advisors will be selected among the primary dealers.
 - 4.2. The selection of lead managers and lead advisors will be closely linked to the performance of each primary dealer in Danish government bonds.
 - 4.3. In special circumstances the Government Debt Management can include non-primary dealers in the syndicate.
- 5. Amendment of this contract and the supplementary governing framework**
- 5.1. This contract may be amended if so agreed by the undersigned parties.
 - 5.2. The governing framework of this contract may be amended by Government Debt Management after consulting with Primary Dealers in government bonds.
 - 5.3. The Primary Dealer Terms and Conditions may be amended by Government Debt Management after consulting with Primary Dealers in government bonds.
- 6. Termination**
- 6.1. This contract continues until terminated by either party.

- 6.2. Government Debt Management may, at any time, cancel this contract with any Primary Dealer in government bonds for a fixed period or altogether without any term of notice.
- 6.3. The Primary Dealer in government bonds may cancel this contract with the Danish Government Debt Management with effect at the end of the following month after having given a written notice of termination.

7. Governing law

This contract shall be governed by Danish law, and The Courts of Denmark shall have exclusive jurisdiction to settle any disputes in connection to this agreement. Venue shall be Copenhagen.