DANMARKS NATIONALBANK

Government Debt Management
Banking and Markets

Primary Dealer terms and conditions as of 16 October 2026

12 October 2026

Primary Dealers in Danish government bonds ("Primary Dealers") have a number of obligations and privileges as specified in the Primary Dealer contracts in Danish Government Bonds between the Danish Government Debt Management at Danmarks Nationalbank ("Government Debt Management") on behalf of the Danish Ministry of Finance and the Primary Dealers ("Primary Dealer Contracts").

These Primary Dealer Terms and Conditions ("Terms and Conditions") set out the market making framework and the terms and conditions for the privilege of the Primary Dealers to receive performance-based fees from Government Debt Management on behalf of the Danish Ministry of Finance.

The Terms and Conditions apply to the Primary Dealer Contracts. In case of inconsistency between the Primary Dealer Contracts and the Terms and Conditions, the Primary Dealer Contracts shall prevail.

Government Debt Management may amend the Terms and Conditions in accordance with the terms set out in the Primary Dealer Contracts.

Unless specified otherwise, the definitions defined in the Primary Dealer Contracts shall also apply to these Terms and Conditions.

Framework for market making

Compliance

The Primary Dealers shall comply with the market making obligations set out in this section ("Market Making Obligations"). Compliance with the Market Making Obligations requires Primary Dealers to quote sufficiently tight two-way prices (bid-ask spread) for minimum amounts for a minimum period of the day. The minimum amounts and periods for the relevant bonds (i.e. bond series with more than 13 months' remaining maturity) are specified in Table 1.

The Market Making Obligations in new issues will apply as soon as the outstanding amount exceeds DKK 5 billion.

For each Primary Dealer the daily bid-ask spread for a particular bond is calculated as the time-weighted average during the best (i.e. tightest bid-ask spread) five hours of the day, in which prices are quoted by the relevant Primary Dealer for the minimum amount or more. If a Primary Dealer quotes prices for less than five hours, the time-weighted average for such hours will be applied.

Price quotes are said to be sufficiently tight if the daily bid-ask spread for a particular bond is lower than the competitive spread calculated daily as the average of the daily bid-ask spreads for the three best (i.e. tightest) Primary Dealers multiplied by a fixed factor (kappa) set to 1.50. A floor under the competitive spread, which depends on the remaining maturity, is defined for each security, cf. Table 1.

The calculation of daily and monthly compliance rates is described in Box 1. A Primary Dealer is compliant with the Market Making Obligations in a given month if the relevant Primary Dealer achieves a monthly compliance rate of at least 80 per cent.

Minimum amounts, periods and spread floor

Table 1

Security	Minimum amount	Minimum period	Weight	Spread floor
Key on-the-run issues				
2.00 % 2028	DKK 50 million	5 hours	25 per cent	3 tick
2.25 % 2035	DKK 25 million	5 hours	25 per cent	8 tick
Other on-the-run issues				
0.10 % 2034i	DKK 10 million	5 hours	10 per cent	15 tick
2.25% 2035 Green	DKK 25 million	5 hours	10 per cent	8 tick
0.25 % 2052	DKK 10 million	5 hours	10 per cent	15 tick
Off-the-run issues				
0.50 % 2029	DKK 50 million	5 hours	2.857 per cent	3 tick
0.10 % 2030i	DKK 10 million	5 hours	2.857 per cent	15 tick
0.00 % 2031	DKK 25 million	5 hours	2.857 per cent	5 tick
0.00 % 2031 Green	DKK 25 million	5 hours	2.857 per cent	5 tick
2.25 % 2033	DKK 25 million	5 hours	2.857 per cent	8 tick
2.25 % 2033 Green	DKK 25 million	5 hours	2.857 per cent	8 tick
4.50 % 2039	DKK 25 million	5 hours	2.857 per cent	8 tick

Calculation of compliance rates Box 1

Daily degree of compliance for a specific security
For each security, compliance ($Compliance_{p,s}$) will be in the 0-1 interval, depending on the number of hours ($Hours_{p,s}$), during which Primary Dealer p quotes prices in security s within the competitive spread and for the minimum amount. If $Hours_{p,s}$ is minimum five, there is full compliance with the obligations in security s, i.e.:

$$Compliance_{p,s} = \min\left[\frac{Hours_{p,s}}{5}, 1\right]$$

Daily Compliance
Based on compliance in each security daily compliance is calculated for each Primary Dealer as a weighted average of compliance degrees for all securities using the security-weights specified in Table 1.

Monthly compliance rate
Based on daily compliance rates the monthly compliance rate for each Primary Dealer is calculated as a simple average of the daily compliance rates for all business days within a month. Between (and including) 24 December and 31 December price quotations will be on a best effort basis and will not be a part of monthly compliance. Days when MTS is closed will not be part of monthly compliance. National holidays in the country where the Primary Dealer is based will not be included in the monthly compliance calculation.

In case that a Primary Dealer is not in compliance with the Market Making Obligations in any given month, Government Debt Management may commence a dialogue with the relevant Primary Dealer in order to resolve the matter of non-compliance.

Terms and conditions for primary dealer Fee

The maximum annual fee to the group of Primary Dealers is determined by Government Debt Management. The aggregate maximum total fee from 1 January 2026 to 31 December 2026 is DKK 30,000,000. The amount of fees payable to the Primary Dealers depends on the performance of each Primary Dealer.

The fees consist of one fixed fee and two variable fees. The fees are determined and distributed to the Primary Dealers based on their performance in terms of price quotation and turnover with customers, cf. Table 2.

Overall compensation scheme

Table 2

	Share of fees, per cent	Maximum total fees in 2025[1], DKK million
1. Fixed fee based on minimum requirements in terms of price quotation	10	3.0
2. Variable fee based on relative performance in terms of price quotation	40	12.0
3. Variable fee based on turnover with customers	50	15.0
Sum	100	30.0

1. The total amount of fees in each categori is allocated equally to each month.

The components and structure of each of the fees are further described below.

Compliance with the Market Making Obligations is a minimum requirement for being eligible to earn any fees. Fees are accrued monthly and the Primary Dealers will receive reports on their relative performance. If a Primary Dealer is non-compliant in a specific month, no fees (neither fixed nor variable) are accrued in that month.

Government Debt Management shall pay the fees accrued in the preceding three months to each Primary Dealer no later than 45 days following the end of each quarter, provided that Government Debt Management has received sufficient data and information to determine the fees in respect of the relevant Primary Dealer. The Primary Dealers shall on an on-going basis keep Government Debt Management informed of the bank account to which the payment of the fees shall be made.

1. Fixed Fee based on minimum requirements in terms of price quotation

Each Primary Dealer earns a monthly fixed fee for each month in which it is compliant with the Market Making Obligations.

The monthly fixed fee is calculated by dividing the total amount of the annual fees in this category by the number of Primary Dealers and the total number of months (i.e. 12). The monthly fixed fee amounts to DKK 31,250 per Primary Dealer, however, Government Debt Management is entitled to increase or decrease the amount of the fee on a monthly basis in case that one or more Primary Dealers cease to be Primary Dealer or in case of appointment of one or more additional Primary Dealers.

The fact that one or more Primary Dealers are not in compliance with the Market Making Obligations in any given month shall not affect the size of the fee accrued by the other Primary Dealers in that month.

2. Variable Fee based on relative performance in terms of price quotation

Conditional on being in compliance with the Market Making Obligations, each Primary Dealer will, on a monthly basis, be eligible to a variable fee depending on its performance in terms of price quotation within the relevant month.

For each Primary Dealer the daily bid-ask spread for a particular bond is calculated as the time-weighted average during the best (i.e. tightest) five hours of the day, in which prices are quoted by the relevant Primary Dealer for the minimum amount or more. If a Primary Dealer quotes prices for less than five hours, the daily bid-ask spread is calculated as a time-weighted average for such hours with an adjustment for the period of time below five hours. The adjustment is made by multiplying the time-weighted bid-ask spread by a factor equal to two minus the daily degree of compliance in the particular security, cf. Box 1. As an example, the daily bid-ask spread for a security with sufficient price quotes by the relevant Primary Dealer for four hours will be multiplied by 1.2 (i.e. 2-0.8).

For each security, the daily bid-ask spreads are used to rank the group of Primary Dealers on a daily basis, as illustrated in the example in Chart 1. The Primary Dealer with the best (i.e. tightest) daily bid-ask spread is assigned the rank 1 for this security, the second best Primary Dealer is assigned the rank 2 for this security and so forth. If there is no price quotation for a particular security the Primary Dealer is assigned a rank equal to the number of Primary Dealers plus one for this security.

The average daily rank for each Primary Dealer is calculated as a weighted average across securities using the same security-weights as in the calculation of compliance rates, cf. Table 1.

The average daily rankings are averaged over all business days within the month to form the average monthly rank as illustrated in the example in Chart 1.

The monthly fee to each Primary Dealer is found by applying a ranking scale (as set out in Chart 1) where the Primary Dealer with the best average monthly rank earns 24 per cent of the total monthly amount allocated to the performance related fee described in this section. The

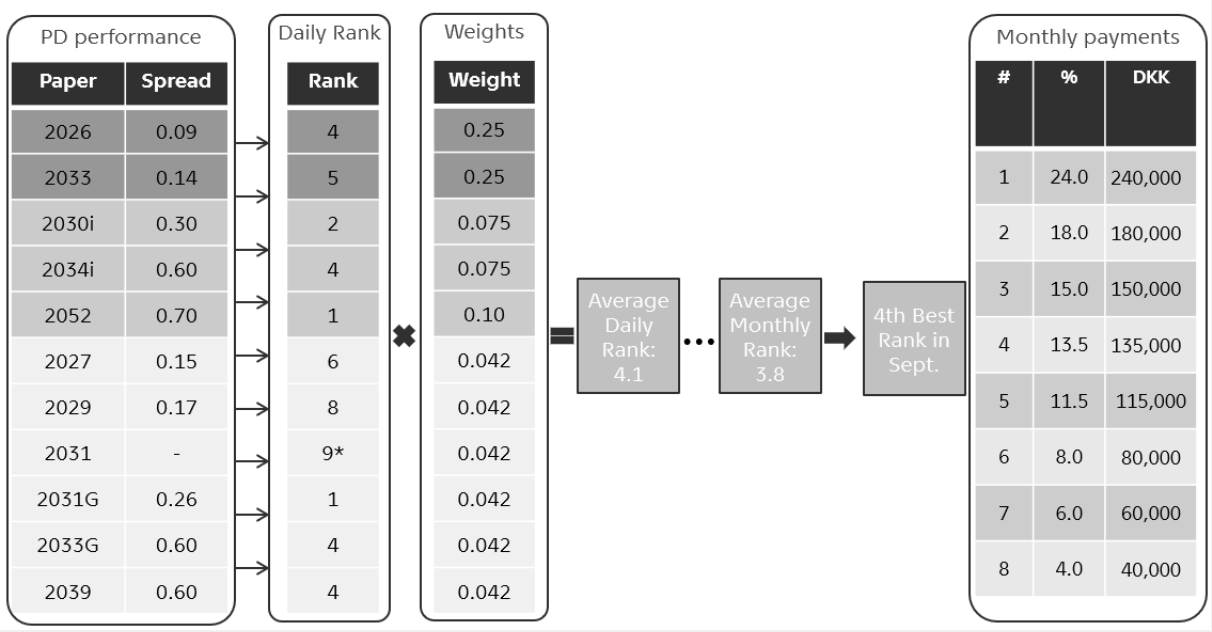
second best ranked Primary Dealer earns 18 per cent and so forth, as stated in Chart 1.

If a Primary Dealer is not compliant with the Market Making Obligations in a given month, the relevant Primary Dealer is, notwithstanding its rating, not entitled to any fee. The fact that one or more Primary Dealers are non-compliant will, however, not affect the ranking of the other Primary Dealers.

If two (or more) primary dealer banks obtain the same monthly ranking, the total fee corresponding to those rankings will be divided equally among the banks. For example, if two banks both achieve rank 3, the fees for ranks 3 and 4 will be added together and then split equally between the two banks. If the number of Primary Dealers changes, Government Debt Management will adjust the ranking scale set out in Chart 1.

Example of ranking of Primary Dealers according to bid-ask spreads

Chart 1



* If there is no price quotation for a paper the Primary Dealer is assigned a rank equal to the number of Primary Dealers plus one for this paper.

3. Variable Fee based on turnover with customers

Conditional on being in compliance with the Market Making Obligations, each Primary Dealer will, on a monthly basis, be eligible to a variable fee depending on its market share of the risk-adjusted turnover with customers within the relevant month.

In order for Government Debt Management to determine the fee based on turnover, the Primary Dealers shall on a monthly basis submit reports prepared in accordance with the Harmonized Reporting Format (HRF)[1] to Government Debt Management. Turnover with customers is calculated using such HRF-reports from the Primary Dealers.

The HRF-report shall be submitted to Government Debt Management within thirteen business days following the end of the reported month. If a Primary Dealer fails to provide a HRF-report for a given month, the relevant Primary Dealer will earn no turnover related fee in this month.

The different types of counterparts in the HRF-data are defined as "Customers" and "Not customers" as stated in Table 3. Only turnover with Customers shall be included when calculating the size of the fee.

Counterparts in HRF-data Table 3

Customers	Not customers
Bank-Customer	Bank-Inter Dealer
Central Bank & Other Public Entity	Bank-Primary Dealer
Corporate	Inter Dealer Broker
Fund Manager	Debt Management Office
Hedge Fund	
Insurance Company	
Pension Fund	
Retail	
Bank-Connected Entity	

The variable amount of turnover related fee to each Primary Dealer is calculated as the Primary Dealer's market share of the total risk-adjusted turnover with Customers within a month multiplied by the monthly amount allocated to the turnover related fees. The total risk-adjusted turnover is based on the available HRF-data submitted by the Primary Dealers.

The risk-adjustment is made to take into account that turnover in securities with different maturities differs in terms of risk. The turnover is risk-adjusted by multiplying with the Basis Point Value (Price*duration* 0.0001) of each security[2]. The value will be scaled by 0.7 for Inflation linked bonds. The risk adjustment is evaluated daily based on duration and price data from MTS[3]. Turnover in securities

[1] Please find link to The EFC Sub-Committee on EU Government Bonds and Bills Market's Harmonized Reporting Format HRF, here.
[2] Price is clean mid-price, and duration is from MTS H1100 CET fixing, see link: mtsdata.com/content/data/public/dkk/fixing/fixing_dkk.html
[3] If no prices available on the day, the latest available price will be used.

with a remaining maturity below 13 months is multiplied by zero and therefore not accounted for in the calculation of the variable fee based on turnover with Customers. The weights reflect a single point in time and will be updated on an ongoing basis.

If a Primary Dealer is not in compliance with the Market Making Obligations in a given month, the relevant Primary Dealer is not entitled to any fee in the relevant month; however, the Primary Dealer's risk-adjusted turnover with Customers shall be included in the total risk-adjusted turnover with Customers when calculating the other Primary Dealers' market shares.

Each Primary Dealer shall ensure that the data and information contained in the HRF-reports submitted to Government Debt Management is true, correct and complete and that it has sufficient systems and procedures in place for this purpose. The Primary Dealers shall upon Government Debt Management's request promptly provide additional documentation satisfactory to Government Debt Management.

If a Primary Dealer discovers that the data and information submitted to Government Debt Management is incorrect, the Primary Dealer shall promptly notify Government Debt Management hereof.

ADJUSTMENT OF FEES

If, following the payment of the fees to the Primary Dealers, it is determined that the fees are incorrect in respect of one or more Primary Dealers due to incorrect data or otherwise, Government Debt Management may adjust such incorrect fees retrospectively. Government Debt Management shall notify the relevant Primary Dealers in case of any adjustment.

A Primary Dealer shall refund any excess amount of the incorrect fees to Government Debt Management immediately upon Government Debt Management's request.

Securities Lending Facility

Primary Dealers have the right to use the securities lending facility of the central government to which the participants are eligible. The purpose of the securities lending facility is to supplement and strengthen market efficiency. Considering the functioning of the repo market, primary dealers shall make every effort to support a well-

functioning market, and to prevent occurrences of intended market failures.

Information on the terms and conditions for the lending facility can be found on the government debt website: www.governmentdebt.dk under the topic Primary Dealers and Market Making.

See also direct link to the terms and conditions here: https://www.nationalbanken.dk/media/whfjr1zn/terms-for-securities-lending.pdf

Twin Bond Facility for Green bonds

Investors holding Danish government green bonds are provided with a facility to switch their green bond for the corresponding conventional twin bond on a one-to-one basis. It is important to note, however, that investors are not permitted to switch from the conventional twin bond back to the corresponding green bond on a one-to-one basis.

Primary Dealers are responsible for facilitating investor requests to utilise the twin bond facility for Danish government green bonds. Primary dealers may switch the green bond for the corresponding conventional twin bond on a one-to-one basis with the Debt Management Office.