

Governing Framework: Issuance and buy-backs of Danish Government Bonds denominated in DKK

On behalf of the Ministry of Finance, Government Debt Management issues and buys back Danish government bonds. Issuance of Danish government bonds builds on a strategy of liquid series in the benchmark segments. The main part of the issuance is conducted at regular auctions supplemented by tap issuance in the secondary market. Opening of new bonds can take place via either auction or syndication.

Auctions

Auctions are held regularly and conducted via an auction facility chosen by the Government Debt Management. Only Primary Dealers in government bonds and Government Debt Management have access to the auction facility.

Bids shall be submitted in prices on the auction day. Normally, the ultimate deadline for submitting bids will be 10:15 a.m. with the aim of subsequent announcement of the auction result taking place no later than 10 minutes after the deadline for submitting bids.

A cut-off price will be fixed on the basis of the bids received and the prevailing market conditions. Bids at or above the cut-off price will be accommodated at the cut-off price (uniform pricing). A pro-rata accommodation of bids at the cut-off yield may be applied. An auction can be terminated without allotment.

Government Debt Management, in consultation with Primary Dealers in government bonds, assesses the functioning of the auction facility on an ongoing basis. Government Debt Management may decide, after consulting with Primary Dealers in government bonds, to amend the framework for auctions.

Tap issuance

Tap issuance is conducted on MTS Denmark where Government Debt Management will approach the market making segment in the mid-market, as a market taker or market maker.

Government Debt Management will, in consultation with Primary Dealers in government bonds, evaluate and assess the functioning of the issuance scheme on an ongoing basis. Government Debt Management may decide, after consulting with Primary Dealers in government bonds, to amend the framework.

Buy-back of bonds

Buy-backs of Danish government bonds are conducted on MTS Denmark. The transactions may be conducted via buy-back on tap, by auctions, buy-back facility or switch facility. When Government Debt Management buys back on tap, it will approach the market making segment in the mid-market, as a market taker or market maker.

Government Debt Management, in consultation with Primary Dealers in government bonds, assesses the performance of Government Debt Management's buy-back operations on an ongoing basis. Government Debt Management may decide, after consulting with Primary Dealers in government bonds, to amend the framework for buy-backs.

Opening of new government bonds

New bonds will be opened via either auction or syndication. If opened by an auction only Primary Dealers in government bonds have access to bid at the auction. Investors can participate via the primary dealers.

In syndications a subset of primary dealers could be named as lead managers or lead advisors. The remaining primary dealers will be invited to participate in the transaction.

Trading in government securities close to maturity

To ensure orderly government debt management and avoid interference with monetary policy, the Debt Management Office generally refrains from conducting buy-backs or issuance of government securities with less than one month remaining to maturity.

Clearing and settlement

Primary dealers have the choice of using VP Securities, Euroclear or Clearstream.