

The Deutsche Bundesbank's Special Terms and Conditions for the purchase of public sector securities by the Bundesbank via the Bloomberg Auction System (BAS)

Last updated: 2 May 2018

1 Scope, confidentiality

(1) The subject of these terms and conditions (hereinafter referred to as "Special Terms and Conditions") is the Deutsche Bundesbank's (hereinafter referred to as the "Bank") purchases of securities within the scope of the monetary policy public sector purchase programme (hereinafter referred to as "PSPP") in the tender procedure via the Bloomberg Auction System (hereinafter referred to as "BAS").

(2) The conditions of any transactions concluded within the scope of these Special Terms and Conditions are to be treated by the participants as confidential. As monetary policy operations, these transactions are exempted from the rules on pre-trade and post-trade transparency pursuant to Article 1 (6) of the Markets in Financial Instruments Regulation (MiFIR).¹ No provision is made for publication or disclosure in accordance with Articles 8, 10, 18 or 21 MiFIR.

2 Participation

(1) Participants are required to have been provided access to BAS by the Bank and to have submitted their standard settlement instructions (SSI) to the Bank. On application,² access to BAS can be provided by the Bank to the following parties:

- a) the Bank's monetary policy counterparties pursuant to section V (1) of the General Terms and Conditions of the Deutsche Bundesbank (hereinafter referred to as "AGB/BBk"),
- b) counterparties with which the Bank conducts business relating to its euro-denominated investment portfolio,
- c) monetary policy counterparties of other Eurosystem central banks,
- d) counterparties with which another Eurosystem central bank conducts business relating to its euro-denominated investment portfolio.

It is also a participation requirement that securities are able to be delivered via a safe custody account held with the central securities depository Clearstream Banking AG, with the cash leg settled via TARGET2.

(2) By applying for access to BAS to be activated by the Bank in order to participate in PSPP auctions within the scope of these Special Terms and Conditions, the participant acknowledges and accepts these Special Terms and Conditions. For each one of its bidders needing access, the participant is required to fill in a Bank form and submit these to the

¹ Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets for financial instruments and amending Regulation (EU) No 648/2012.

² A contract between the counterparty and Bloomberg, separate from these Special Terms and Conditions, is a prerequisite for the application.

address provided on the form. This participant shall be held bindingly accountable for all legal transactions carried out via access to BAS activated by the Bank for the participant's bidder(s). This particularly applies to submitted bids.

3 Announcing and conducting tenders

(1) Generally four business days before an invitation to bid in BAS, the Bank announces the securities (ISINs) that it intends to purchase in the respective PSPP auction on its homepage. In this advance notice, the Bank also discloses the planned aggregate purchase volume across all securities. The Bank is entitled to amend or completely rescind this advance notice at any time.

(2) Each invitation to bid in BAS sets out the essential framework conditions for the respective auction (including designations of the securities listed in the tender procedure, minimum bid amounts, and deadlines for submission of bids), potential deviations from these Special Terms and Conditions, as well as any additional business conditions (specifications).

(3) Tenders are carried out in the form of a variable rate tender procedure (American auction). In each bid, participants state the nominal volume as well as the relevant price (clean price net of accrued interest) at which they wish to conclude the transaction in question. In an auction, a participant can submit up to ten partial bids for each ISIN. The value of a bid or partial bid must be at least one million euros. Bids must be submitted electronically via BAS by the bidding deadline stated in the invitation to bid.

(4) A participant's bids will be taken into consideration only if they are received by the bidding deadline and also observe these Special Terms and Conditions as well as the specifications stated in the invitation to bid. By submitting a bid, participants acknowledge and accept these Special Terms and Conditions as amended as well as the specifications stated in the respective invitation to bid. Once the bidding deadline has passed, participants are bound to their bids until allotment. Before the bidding deadline, participants can amend or delete their bids. The Bank is not obligated to accept the bids (allotment). Up until allotment, the Bank can rescind an invitation to bid at any time without stating reasons.

(5) The Bank expressly reserves the right, in the light of general considerations, especially guidance by the European Central Bank (ECB), relating to monetary policy, for example, to conduct auctions only to a limited extent, only with a limited range of participants, or not to conduct them at all at any time. These Special Terms and Conditions shall continue to apply in relation to concluded transactions even after the entire business relationship has ended.

4 Allotment, settlement

(1) The Bank shall allocate the individual allotments to the individual participants electronically via BAS. The transaction shall become effective upon dispatch of the individual allotment notification. The allotted securities are settled according to the participant's SSI on the value date stipulated in the invitation to bid (usually T+2).

(2) Settlement occurs on the value date stipulated in the invitation to bid (usually T+2). Delivery versus payment (DVP) instructions for night-time processing at Clearstream Banking AG should be calibrated according to Clearstream Banking AG's conditions for night-time processing. Securities are delivered on a one-for-one basis in exchange for

payment of the purchase price (delivery versus payment). Any alternative arrangements deviating from this require written agreement between the participant and the Bank.

(3) A participant must provide all documents and take all measures necessary to ensure that all rights – particularly unencumbered ownership and claims to interest and nominal payments – to and arising from the transferred securities are transferred to the Bank and can be exercised by the Bank. The full rights to ownership of the purchased securities are transferred free of all rights, claims, fees and encumbrances. The payment of the purchase price is to be made in euro.

5 Exclusion of counterparties with bidding rights

In case of failure to fulfil their delivery obligations arising from auctions in the context of these Special Terms and Conditions or from other transactions in relation to Decision ECB/2015/10, participants can be temporarily or permanently, fully or partially, excluded from participating in securities purchases in PSPP tender procedures for risk-related or other significant reasons.

6 Liability

(1) The Bank's liability is covered by section I (12) *et seq* of AGB/BBk, provided that these Special Terms and Conditions do not state otherwise.

(2) The Bank is not liable for the consequences of temporary or permanent unavailability of BAS.

7 Final provisions

(1) Changes to these Special Terms and Conditions shall be announced to participants in circulars. Unless other arrangements are agreed in specific cases, they shall be deemed to be agreed two weeks after the sending of the circular. The circular may also be sent electronically.

(2) German law applies to any business conducted in accordance or conjunction with these Special Terms and Conditions. The sole place of jurisdiction is Frankfurt am Main, the domicile of the Bundesbank.

(3) Unless stipulated otherwise in these Special Terms and Conditions or the specifications of the respective invitation to bid, AGB/BBk shall apply additionally.

(4) If a provision laid down in these Special Terms and Conditions for PSPP auctions is or becomes invalid, this shall be without prejudice to the validity of all other provisions or agreements.

Deutsche Bundesbank
Frankfurt am Main, 2 May 2018