

## **REGULATIONS**

### **ON THE CONDITIONS OF REPURCHASE TENDER OF BONDS ISSUED ON FOREIGN MARKETS**

**dated November 8, 2013**

§ 1. 1. The regulations, hereinafter referred to as "Regulations", specifies the conditions of organization and settlement of repurchase tender of bonds issued on foreign market, in particular:

- 1) entities entitled to taking part in a repurchase tender;
  - 2) manner of placing bids in a repurchase tender;
  - 3) date and manner of determining the repurchase price;
  - 4) manner of settlement of repurchase tender.
2. Regulations will be made available on the website of the Ministry of Finance.

§ 2. The object of repurchase are bonds issued basing on:

- 1) the Regulation of the Minister of Finance as of December 15, 2010 on the general terms of issuing Treasury bonds offered on foreign markets (Journal of Laws of 2010 No 244, item 1630);
- 2) the Ordinance and the Regulation of on the general terms of issuing Treasury bonds, which remain in force on the Art. 119 paragraphs. 3 of the Act of August 27, 2009, the regulations implementing the Act on Public Finance (Journal of Laws No. 157, item. 1241, as amended);
- 3) letters of issue published by the Minister of Finance, hereinafter referred to as "Bonds".

§ 3. The following terms used in the Regulations shall mean:

- 1) communication - an information published by the Minister of Finance pursuant to the Regulation and pertaining to the bonds;
- 2) the nominal value of one Bond – 1,000 (one thousand) units of currency, which was an issue;
- 3) accrued interest - the value of the interest constituting incidental dues for one Bond, calculated on the repurchase tender's settlement day;
- 4) clean price - the price for the nominal value of one Bond of given maturity, expressed with accuracy to the second decimal place.

§ 4. 1. The repurchase tenders shall be organized by the National Bank of Poland (the Agent of Tender), acting on the base of the agreement with the Minister of Finance, and using an electronic tender system.

2. The Minister of Finance may, without giving any reason, cancel or revoke the tender before offers' acceptance or announce additional tender.

§ 5. 1 Entities entitled to taking part in a repurchase tender are as follows:

- 1) banks, credit or financial entities as well as their branches within the meaning of the Act of 29 August 1997 – The Banking Law (Journal of Laws of 2012, item 1376, as amended), with

which the Minister of Finance concluded an agreement on acting as the Treasury Securities Dealer,

2) national banks within the meaning of the Act of 29 August 1997 - The Banking Law, without the status of the Treasury Securities Dealer - hereinafter referred to as " tender's participants".

2. In order to take part in a repurchase tender the tender participant no later than hours. 12.00 working day preceding the date of repurchase tender is obliged to:

1) submit the statement constituting the Appendix 1 to the Regulations;

2) provide in the form of the document and electronic data necessary for the preparation of the settlement instructions referred to in § 17, constituting the Appendix 2 to the Regulations.

3. The statements referred to above should be submitted by fax or e-mail (scanned, in the case of settlement instruction data to the electronic Excel file) and then in the form of the original document at:

Ministry of Finance  
Public Debt Department  
ul. Świętokrzyska 12  
00-916 Warsaw, Poland

Fax: 48 (22) 694 50 08,  
48 (22) 694 30 94

e-mail: [debtauctions@mofnet.gov.pl](mailto:debtauctions@mofnet.gov.pl)  
[sekretariat.dp@mofnet.gov.pl](mailto:sekretariat.dp@mofnet.gov.pl)

**§ 6.** Tender participants sell bonds in their own name and on their own accounts.

**§ 7.** The Agent of Tender, will provide tender participants a sample bid before a tender.

**§ 8. 1.** Repurchase tender's participants shall submit bids in an electronic form via the electronic tender system on the repurchase tender's day, no later than the deadline specified in the repurchase tender communication.

2. In case of the electronic tender system failure, the repurchase tender's participants shall submit bids via means of direct long distance communication (telephone, fax) to the address specified by the Agent of Tender.

3. Repurchase tender's participants may withdraw their bid prior to the deadline referred to in paragraph 1.

**§ 9. 1.** The agreement on Bonds' sale shall be concluded on the repurchase tender day upon the acceptance by the Minister of Finance of the bid submitted by a tender participant.

2. The Agent of Tender shall provide tender participants, not later than on the second working day after the tender day, the information confirming the acceptance or rejection of the bid by the Minister of Finance.

**§ 10. 1.** Nominal value of bids submitted by a tender participant must not be lower than the value specified in the communication.

2. Bids submitted in a manner not compliant with the condition specified in paragraph 1 or invalid in accounting terms, as well as bids submitted after the deadline specified in the communication shall be rejected.

**§ 11.** Not later than on the day of a repurchase tender the Minister of Finance shall issue a communication on a repurchase tender, including in particular:

1) date of the tender as well as the deadline for placing bids;

- 2) date and hour of the tender settlement;
- 3) maturity date and the ISIN code of Bonds subject to repurchase;
- 4) nominal value of Bonds intended for repurchase;
- 5) minimal nominal value of a single bid;
- 6) value of accrued interest on the day of settlement;
- 7) acceptability of submission of non-competitive offers;
- 8) estimated share of non-competitive bids in the total buy-back value at the auction, , provided that submission of non-competitive bids is authorized.

**§ 12.** 1. Additionally, repurchase tender participants may place non-competitive bids on a given buy-back auction, provided that submission of non-competitive bids is authorized.

2. One auction participant may place only one non-competitive bid.

3. By placing a non-competitive bid a repurchase tender participant accepts the obligation to pay for the obtained bonds in the amount resulting from the repurchased product of their number, the weighted average clean price for bids with clean price specified, increased by the value of the accrued interest.

4. The Minister of Finance shall have the right to reduce non-competitive bids following the deadline of bid submission. In case of reduction of a non-competitive bid the Minister of Finance shall determine the nominal value of bonds repurchased in this mode and the rate of reduction of non-competitive bids with accuracy to two decimal places.

5. Reduced bids will be rounded up to the nearest multiple of 1000 (one thousand) provided that the number of securities in every bid cannot be higher than specified in the offer.

6. Upon submission of non-competitive bids only, a buy-back tender with a given maturity shall be canceled.

**§ 13.** 1. An offer for Bonds' sale through a repurchase tender should include in particular:

- 1) the address of the Agent of Tender;
- 2) Bonds' maturity date and ISIN code;
- 3) clean price of Bonds subject to the bid, unless the bid is non-competitive;
- 4) number and nominal value of Bonds subject to the bid.

**§ 14.** 1. After the deadline for submitting bids the Minister of Finance shall determine the maximum accepted clean price for Bonds with a given maturity.

2. Bonds' sale bids with a price:

- 1) lower than the maximum clean price - shall be accepted in whole;
- 2) equal to the maximum clean price - may be accepted in whole or partially by means of reduction.

3. In case of bids' reduction the Minister of Finance shall determine the percentage of reduction rate with accuracy to the second decimal place;

4. Provision § 12. 5 shall apply respectively.

**§ 15.** Following the repurchase tender the Minister of Finance shall issue a communication on the repurchase tender, including in particular:

- 1) date of the tender;
- 2) date and hour of the tender settlement;
- 3) maturity date and the ISIN code of Bonds subject to repurchase;
- 4) nominal value of Bonds intended for repurchase;
- 5) nominal value of Bonds subject to repurchase bids, specifying submission of non-competitive bids if authorized;

- 6) nominal value of repurchased bonds, specifying submission of non-competitive bids if authorized;
- 7) the minimum accepted clean price and its respective yield, with accuracy to the third decimal place;
- 8) the weighted average clean price for accepted bids and its respective yield, with accuracy to the third decimal place;
- 9) the maximum accepted clean price and its respective yield, with accuracy to the third decimal place;
- 10) reduction rate of the bonds presenting the maximum clean price, with accuracy to the second decimal place, specifying submission of non-competitive bids if authorized;

**§ 16.** Repurchase tenders participant, whose bids were accepted shall receive the payment for sold Bonds in the amount resulting from the product of their number, the clean price, increased by the value of the accrued interest.

**§ 17.** 1. The Minister of Finance shall provide on the day of a repurchase tender the settlement instructions to Fiscal agent:

- 1) in case of bonds denominated in EUR - Deutsche Bank AG;
- 2) in case of bonds denominated in USD - Citibank N.A., London.

**§ 18.** The payment for repurchased Bonds shall be done by the Minister of Finance, using intermediary services of the Fiscal agent, in credit of tender participants account.

**§ 19.** 1. On the repurchase tender settlement date the repurchase tender participants whose offers were accepted are obliged to possess in their securities account/ custodian deposit account in Euroclear Bank S.A./N.V / Clearstream Banking, societe anonyme, Luksemburg, clearing systems the Bonds subject to the offer.

2. In case of lack of the sufficient number of repurchased Bonds on the settlement day a tender participant shall pay a cancellation fee in amount constituting the product of the clean price increased by accrued interest and the number of lacking Bonds, for the period from the repurchase tender day to the day on which the settlement should occur. The cancellation fee shall be paid on the day after the day on which the settlement of the repurchase tender should occur.

The payment should be done in Polish zloty using the average NBP exchange rate for the currency of the bond issue binding on the settlement date.

**§ 20.** Repurchased bonds shall be cancelled upon the settlement.

MINISTER OF FINANCE

**Appendices to the Regulations  
on the conditions of repurchase tender of  
bonds issued on foreign markets  
dated ..... , 2013**

**Appendix 1**

(stamp of the entity)

Hereby ..... (*Name of the repurchase tender participant*) declares to comply with Regulations on the conditions of repurchase tender of bonds issuing of foreign market dated.....

*(signatures of persons authorized  
to act on behalf of the Tenderer)*

**ICSD's Settlement Report**

**ISSUER NAME:**

**ISIN CODE:**

**CURRENCY:**

**TRADE DATE:**

**SETTLEMENT DATE:**

1	2	3	4	5	6	7	8	9
Lead Manager / Investor	Counterparty / Custodian	CP / Custodian Account number @ ICSD	Clearing Systems Euroclear/Clearstream	Nominal	Type of Settlement (DVP/FOF)	Cash Proceeds ( N/A for FOP )	Lead Manager / Investors contact details ( Name, Telephone, Email )	Counterparty / Custodian contact details ( Name, Telephone, Email )
					DVP			

**Instructions:**

**Column 1:** Lead Manager / Investor - Primary Dealer

**Column 2:** Counterparty / Custodian - name of custodian in case if Primary Dealer does not have an account at ICSD; in other case a name of Primary Dealer

**Column 3:** CP / Custodian Account number @ ICSD - account number of custodian or Primary Dealer

**Column 4:** Clearing Systems Euroclear/Clearstream - please choose Euroclear Bank S.A./N.V (Euroclear) or Clearstream Banking, societe anonyme, Luksemburg (Clearstream) in line with account number provided in column 3

**Column 5:** Nominal - nominal amount of repurchased bonds - filled in by issuer

**Column 6:** Type of Settlement - DVP only

**Column 7:** Cash Proceeds - Nominal\*clean price+accrued interest - filled in by issuer

**Column 8:** Lead Manager / Investors contact details ( Name, Telephone, Email ) - contact details of entity provided in column 1

**Column 9:** Counterparty / Custodian contact details ( Name, Telephone, Email ) - contact details of entity provided in column 2

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(signatures of persons authorized to act on behalf of the Tenderer)