

**NATIONAL BANK OF MOLDOVA  
EXECUTIVE BOARD**

**DECISION no.170  
of „19” July 2018**

REGISTERED:  
Ministry of Justice  
of the Republic of Moldova  
no.1346 of 23 July 2018

**On the Approval of the Regulation on Placement, Transaction and Redemption  
of State Securities in Book-Entry Form**

Pursuant to Article 11, paragraph 1), Article 27, paragraph 1), letter c) and Article 40 of the Law no.548/1995 on the National Bank of Moldova (republished in the Official Monitor of the Republic of Moldova, 2015, no.297-300, Article 544), including further amendments and completions, Article 16-19 of the Law no.419/2006 on public debt, state guarantees and state re-financing (republished in the Official Monitor of the Republic of Moldova, 2014, no.397-399, Article 704), including further amendments and completions, the Executive Board of the National Bank of Moldova

**DECIDED:**

- 1.** To approve the Regulation on Placement, Transaction and Redemption of State Securities in Book-Entry Form (shall be attached).
- 2.** To repeal the Regulation on Placement and Redemption of State Securities in Book-Entry Form, approved by Decision no.96 of 17 May 2013 of the Council of Administration of the National Bank of Moldova and by Decision no.13/2-1/133 of 7 May 2013 of the Ministry of Finance (Official Monitor of the Republic of Moldova, 2013, no.125-129, Article 887) registered by the Ministry of Justice of the Republic of Moldova under no.919, on 10 June 2013.
- 3.** The banks, which at the date of entry into force of this decision, have concluded with the National Bank of Moldova agreements on performing the duties of primary dealer on the state securities market, shall terminate these agreements and enter into new agreements with the Ministry of Finance under the provisions of the regulation mentioned in paragraph 1. The agreements concluded with the Ministry of Finance shall become effective on the date of termination of agreements concluded with the National Bank of Moldova.
- 4.** The agreements concluded between the National Bank of Moldova and banks as participants of the state securities primary market before the date of entry into force of the present decision, shall be terminated.
- 5.** This decision shall enter into force on 31 July 2018.

**Vice-president of the  
Executive Board**

**Vladimir MUNTEANU**

Approved  
by Decision of Executive Board  
of the National Bank of Moldova  
no.170 of 19 July 2018

Approved  
by Order of the Ministry of Finance  
no.129 of 19 July 2018

**Amended by:**

DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, Official Monitor of the Republic of Moldova No. 280-284 of 19.11.2021, Article 1329

**REGULATION**  
**on Placement, Transaction and Redemption**  
**of State Securities in Book-Entry Form**

**Chapter I**  
**General provisions**

**1.** This Regulation shall establish the rules and procedures for the placement, transaction and redemption of state securities (hereinafter – SS) issued by the Ministry of Finance of the Republic of Moldova on the domestic market in book-entry form, the selection criteria and performance assessment method of primary dealers, their rights and obligations.

This Regulation shall not apply to SS transactions conducted on a regulated market or a multilateral trading facility.

**1<sup>1</sup>.** For the purposes of this Regulation, redemption shall include operations for the early redemption of outstanding SS and their redemption at maturity.

Depending on market conditions and pursued objectives, the Ministry of Finance may use government debt management operations, such as the reopening of existing issues, the buy-back and / or switching of SS. These operations will not be of a regular nature and will be carried out at the discretion of the Ministry of Finance.

(Paragraph 1<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**2.** The National Bank of Moldova shall act as state agent under the Law no.548/1995 on the National Bank of Moldova, Law no.419/2006 on the public debt, state guarantees and state re-financing and shall be in charge of the organization, on behalf and at the request of the Ministry of Finance, of SS auctions. It also shall coordinate the activities with the Ministry of Finance for continuous development of the SS market.

(Paragraph 2 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**3.** The National Bank shall organise the activity of the State agent in accordance with the provisions of this Regulation and in compliance with the principles of market transparency and market access conditions, procedures used for the performance of SS auctions, and the principles on the protection of investors and non-discriminatory treatment of the participants on the SS market.

(Paragraph 3 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**4.** The provisions of this Regulation shall apply to the Ministry of Finance as the issuer of SS, the National Bank as state agent, primary dealers and their clients, as well as to the banks that are not primary dealers in the transactions made on the secondary market.

**5.** This Regulation applies the terms defined by the Law no.419/2006 on public debt, state guarantees and state re-financing and the Rules of the Single Central Securities Depository, approved by the Decision of the Supervisory Board of the Central Depository no. 14/2019.

(Paragraph 5 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

6. For the purpose of this Regulation, the following terms shall also be defined:

1) **treasury bills (hereinafter T-Bills)** - SS issued at a discount and redeemed at the nominal value at maturity. The maturity of T-bills is up to one year;

2) **ISIN code** - International Securities Identification Number assigned in accordance with the international standard ISO 6166, which uniquely identifies a particular SS issue;

3) **settlement account** – an account opened in the Automated Interbank Payment System (hereinafter -AIPS) by the primary dealer, a bank, the Ministry of Finance, and the Deposit Guarantee Fund in the banking system (hereinafter - the Deposit Guarantee Fund);

(Sub-paragraph 4) repealed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

5) **quotation** – an offer for sale, purchase or purchase-sale of SS from a certain issue, which specifies their quantity and price;

6) **client (investor)** - an individual or legal entity, resident or non-resident of the Republic of Moldova, on which behalf the primary dealer submits the bid for participation in the SS auctions and/or makes transactions on the secondary market;

7) **coupon** - regularly paid interest on government bonds to their owners during the term of bonds circulation;

8) **settlement date** – the date of transfer within AIPS of the funds from the buyer's settlement account to the settlement account of the seller of SS and of the transfer within the system of the Central Depository of SS from the seller's securities account to the securities account of their buyer;

9) **maturity date** - the date on which SS are redeemed by the issuer;

10) **primary dealer** - a bank accepted by the Ministry of Finance to perform operations with SS on the SS market, which meets the selection criteria and which may perform operations in own name and for its account or in the own name and for the account of its clients, individuals and/or legal entities, residents or non-residents;

11) **Central Depository** – an entity defined by Article 2 of the Law no.234 /2016 on the Single Central Depository of Securities;

12) **accrued interest** – the share of the current coupon value accumulated for the days of the current coupon period, since the date of issue (date of SS settlement on the primary market) or the date of payment for the previous coupon until the settlement date of transaction;

13) **auction** - a method of selling or purchasing of SS in accordance with the provisions of this Regulation;

14) **margin** - an amount (expressed in percentage points) added to the interest rate of T-Bills as a reference instrument in order to calculate the value of the coupon of government bonds with floating interest rate, which is determined at the auction and remains constant throughout the circulation term of bonds;

15) **market maker** – a primary dealer that is present continuously on the market to trade SS in own account at prices set by it;

16) **government bonds (hereinafter GB)** - SS issued at discount, nominal value or premium, with maturities of one year or more, for which the issuer pays periodic interests in accordance with the fixed or floating interest rate as stipulated in the issuance conditions and which are redeemed at nominal value upon maturity;

17) **competitive bid** - an offer to purchase / sale SS, where the participant indicates the amount to be paid and the offered price/margin;

18) **non-competitive bid** - an offer to purchase SS, where the participant indicates only the amount to be paid;

19) **anonymous order** – an order of sale/purchase of SS submitted by a participant on the secondary market, without disclosing its identity for other participants before and during the conclusion of transaction, which is mandatory for execution, in case of its acceptance by another participant on the secondary market;

20) **period of coupon** – the time span expressed in days, from the date of issue and the date of payment of the first coupon or the time span between the date of payment of the previous coupon and the date of payment of the current coupon;

21) **primary market of SS** - all operations related to the placement of SS through the single trading platform with the purpose of attracting disposable funds by the issuer;

22) **secondary market of SS** – the market where SS are traded after their issuance on the primary market;

23) **placement of SS** – issuance (sale) of SS by the issuer through auctions or in a different way on the primary market;

24) **single trading platform** - Bloomberg Professional Service electronic platform, provided by Bloomberg Finance LP, through which SS are placed on the primary market, early redeemed and traded on the secondary market. The single trading platform represents a transaction tool for SS, different from the regulated market and the multilateral trading facility;

25) **dirty price** – the price of sale or purchase of SS which includes the accrued interest;

26) **clean price** – the price of purchase or sale of SS, which does not include the accrued interest;

27) **request for quote** – the request to show a firm quotation expressly formulated by a participant in the secondary market to one or more participants through the single trading platform;

28) **circulation term** - the number of days from the settlement date to maturity date of SS;

29) **nominal value** - the stated value of an issued SS to be paid upon maturity;

30) **early redemption (buy back)** – total or partial redemption of an SS issue before the maturity date;

31) **re-opening** – providing an additional amount of previously issued SS in the conditions of the initial features of the issue (maturity, rate and frequency of coupon payment, ISIN code);

32) **switch** – the procedure by which the Ministry of Finance repurchases all or part of the SS before the maturity date and simultaneously issues other SS with characteristics distinct from those repurchased.

(Paragraph 6 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## **Chapter II**

### **Primary market of SS**

7. Ministry of Finance issues SS on the domestic market in the form of T-Bills and GB in domestic currency. The nominal value of a SS is MDL 100.

(Paragraph 8 repealed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

9. The characteristics of SS, their placement, payment of related interest and redemption, as well as the identification elements of issues are established by the Ministry of Finance in its SS placement notifications, in accordance with the provisions hereof and the Instructions on the placement, trading and redemption of government bonds with fixed / floating interest rate, approved by the Order of the Minister of Finance no. 29/2019.

(Paragraph 9 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

10. At the request of the Ministry of Finance, the Central Depository shall register SS for placement on the primary market and assign a registration number to each SS issue (unique identification code ISIN), as provided by the Rules of the Central Depository and the Regulation on the allocation of the ISIN code by the Single Central Securities Depository, approved by the Decision of the Supervisory Board of the Central Depository no. 7/2020.

(Paragraph 10 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

11. SS shall be issued in book-entry form and, therefore, their issuance, record-keeping, confirmation of ownership and the payment of the principal sum at maturity date and of the related interest (coupons) is performed by the Central Depository in the name of the Ministry of Finance.

**12.** Placement of SS on the primary market is performed by the National Bank, as state agent, through auctions, except when SS are to be issued and delivered for some purposes established by law or by subscription under the conditions set and regulated by the Ministry of Finance, as issuer.

**13.** The sale auctions of SS are conducted in accordance with an indicative calendar developed and approved quarterly by the Ministry of Finance. Based on the evolution of the SS market, the Ministry of Finance reserves the right to develop and approve the calendar of SS sale auctions on a semi-annual or monthly basis. The calendars of auctions shall be coordinated with the National Bank.

**14.** The calendar of SS sale auctions shall be submitted to the National Bank 5 days before the beginning of the quarter following the reporting quarter and shall be published on the official website of the Ministry of Finance and the National Bank before the beginning of the quarter, for which it is valid.

**15.** For the competitive biddings, the Ministry of Finance reserves the right to modify the indicative volumes of issues and the circulation term of SS initially announced in the SS placement auction calendar through SS placement notifications.

In exceptional cases, the Ministry of Finance may conduct additional auctions of SS placement within the limits set forth in the Law on State Budget for the respective year.

**16.** Primary dealers may submit their bids at SS placement auctions in their own name and for their account, as well as in their own name and for the account of clients at their request through competitive and / or non-competitive biddings.

Individuals and legal entities, resident or non-resident, may participate in auctions only through primary dealers.

(Paragraph 16 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**16<sup>1</sup>.** SS placement auctions are conducted separately on each ISIN code through competitive biddings (reference auctions), non-competitive regular biddings or non-competitive special biddings. In the competitive bidding of the auction only competitive bids may be submitted, and in the non-competitive - only non-competitive bids.

(Paragraph 16<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**16<sup>2</sup>.** Participation in competitive and / or non-competitive biddings is optional for primary dealers.

(Paragraph 16<sup>2</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**17.** Ministry of Finance may establish for auctions some SS procurement limits in own account of a primary dealer or of a client, with the same ISIN code, proposed for sale on the primary market.

The SS procurement limit shall be announced by the Ministry of Finance through the notification on SS placement. If this limit is exceeded, the primary dealer/client is obliged to sell the SS in the sum held over the required limit, within 5 working days from the date of the excess detection.

## **Chapter II<sup>1</sup>**

### **Early redemption of SS**

**17<sup>1</sup>.** The Ministry of Finance can redeem outstanding SS in advance.

**17<sup>2</sup>.** Early redemptions of SS are made through auctions. SS early redemption auctions are conducted separately on each ISIN code through competitive biddings.

**17<sup>3</sup>.** The participants in the SS early redemption auction are the primary dealers. Natural persons and legal persons, resident or non-resident, holders of SS subject to early redemption, may participate in the early redemption auction only through primary dealers.

**17<sup>4</sup>.** Participation in competitive early redemption auction bidding is optional for primary dealers.

**17<sup>5</sup>.** The identification elements of the SS to be redeemed, the redemption conditions, the amount of accrued interest and other elements of the early redemption are established by the Ministry of Finance through the announcements regarding the early redemption of the SS, in accordance with the provisions of the Regulation and the Instructions on the placement, trading and redemption of

government bonds with fixed / floating interest rate, approved by the Order of the Minister of Finance no. 29/2019.

**17<sup>6</sup>.** The SS that are subject of the early redemption are canceled and the outstanding volume of the SS is reduced accordingly to the nominal value of the redeemed SS.

(Chapter II<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

### **Chapter III**

#### **Granting and withdrawal of the status of primary dealer**

(The Chapter III title amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

##### **Section 1. Selection of primary dealers**

**18.** Primary dealers are selected to provide specific services on the SS market by participation in auctions of SS and by trading SS on the secondary market at the prices, which they are obliged to announce.

(Paragraph 18 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**19.** The conditions of access on the SS primary market for primary dealers are:

1) during 3 months before the submission of request for acquiring the status of primary dealer, the bank purchased in its own account, through a primary dealer, minimum 3% of the total amount granted by the Ministry of Finance in the respective period;

2) the bank complies with the requirements for own funds and capital established by the regulatory acts of the National Bank;

3) the National Bank did not decide on the application of supervisory measures against the bank according to the provisions of Article 139, paragraph 3, item d), related to the restriction on accepting deposits, of the Law no.202 /2017 on Banks' Activity. The lack of such supervisory measures shall be confirmed by the bank for the Ministry of Finance;

4) to hold a settlement account in A IPS;

5) is a participant to the Central Depository;

6) has separate space which is necessary for the development of SS operations and qualified staff that has the knowledge and professional experience needed to carry out the assigned duties;

7) has appropriate technical equipment (Bloomberg Professional Service, interconnected computer programs and equipment, specific communication equipment - email, telephone, fax, etc.);

8) has elaborated and approved own procedures on the working methods with clients, the control of clients' holdings, and the internal control of activity with SS;

The own procedures shall include provisions regarding all types of transactions that clients can perform, the methods used to make transactions, including the description of the types of orders that clients may send, the conditions for the execution of orders (including the reservation of funds), the validity term, as well as the modality to control the orders and holdings of clients, to assure the integrity and safety of funds and securities of client for whose benefits the primary dealers shall act.

The procedures shall include, as well, provisions regarding the requirements for the qualification of the staff in charge with customer services in performing the SS operations.

(Paragraph 19 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**20.** To acquire the status of primary dealer, the applicant banks shall go through the following steps:

1) to submit a request to the Ministry of Finance for receiving the status of primary dealer, by attaching the documents which demonstrate the compliance with the access conditions provided in paragraph 19. Within 15 working days from the date of receipt of application, the Ministry of Finance shall approve or reject the application, through notification of the applicant bank;

2) to conclude with the Ministry of Finance an Agreement on the duties of the primary dealer on the state securities market (Annex no.1).

**21.** The primary dealers shall have the following duties:

1) to act as intermediaries between the issuer and investors in the SS distribution and to facilitate the expansion of investor base as well as between the holders of the SS and the issuer at the early redemption of the SS;

2) to assure the liquidity of the market by promoting the SS transaction on the secondary market;

3) in own name and account, to purchase minimum 3% of the total amount allocated by the Ministry of Finance, related to the SS issues in the assessed period (on a quarterly/annual base);

4) the weighted value of SS purchased in own name and account, calculated on the base of multiplier coefficients which are stipulated in Annex no.9 of the Regulation, shall constitute minimum 2% of the total weighted value allocated by the Ministry of Finance, related to the SS issues in the assessed period (on a quarterly/annual base);

5) to contribute to the creation of liquidities on the secondary market of SS, by making quarterly transactions in own name and account, of minimum 3% from the total volume of SS on the secondary market sale/purchase transactions made in the previous quarter (except the open market operations of the National Bank and those of early redemption of SS);

6) to meet cumulatively the minimum conditions of daily quotation on the single trading platform specified in paragraph 100.

(Paragraph 21 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## Section 2. Suspension of the status of primary dealer

**22.** The Ministry of Finance may suspend the status of primary dealer, by suspending the Agreement on the duties of primary dealer on the SS market for a period not exceeding 3 months from the suspension date, based on the severity of deviations.

**23.** The Ministry of Finance may suspend the activity of primary dealers where deviations from the provisions of this Regulation are detected, with a 10-working days prior written notification of primary dealers.

**24.** Depending on the severity of the violation, the suspension may be done without prior notification, and the Ministry of Finance shall inform the primary dealers about its decision within 2 working days from the suspension.

**25.** In case of suspension, the status of primary dealer shall be recovered upon the expiry of the period for which the suspension was imposed.

**26.** The suspension of the primary dealer status shall have no effect on the rights and obligations of the primary dealer with regard to the agreements concluded with clients before the notification date on the suspension of the primary dealer status, during the period between the notification date and the date of status suspension.

**27.** The Ministry of Finance shall inform immediately in writing the National Bank, the Central Depository and other primary dealers about the suspension of the status of primary dealer.

## Section 3. Withdrawal of the status of primary dealer

**28.** The Ministry of Finance may withdraw the status of primary dealer through the resolution of the Agreement on the duties of primary dealer in the state securities market.

(Paragraph 28 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**29.** The Ministry of Finance may withdraw the status of primary dealer in the following cases:

1) following the withdrawal of bank's license to conduct financial activities;

2) at the request of the primary dealer, provided a prior notification was submitted to the Ministry of Finance within 30 days.

**30.** In case of withdrawal of the status of primary dealer, this may be recovered only after the expiry of a 3-month period from the resolution date of the Agreement, provided that it complies with the steps stipulated in paragraph 20.

(Paragraph 30 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**31.** The withdrawal of the status of primary dealer shall have no effect on the rights and obligations of the primary dealer with regard to the agreements concluded with clients before the notification date on the withdrawal of the primary dealer status, during the period between the notification date and the date of status withdrawal.

**32.** Ministry of Finance shall inform immediately in writing the National Bank, the Central Depository and other primary dealers about the withdrawal of the status of primary dealer.

## **Chapter IV**

### **Technical means used at auctions**

**33.** SS auctions shall be conducted in the electronic system of Bloomberg Professional Service - Bloomberg Auction System (BAS). Detailed procedures for the use of this system for participation in the auctions of SS are described in the Bloomberg Auction System User Guide.

(Paragraph 33 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**34.** The National Bank and the primary dealers shall have exclusive access to BAS for SS auctions, through authorized and registered representatives in the system.

The banks, which do not hold the status of primary dealers and the Deposits Guarantee Fund shall inform the National Bank, the Ministry of Finance and the Central Depository about the name of the primary dealer with whom the agreement on service provision on the SS market has been concluded, during a working day from the conclusion of agreement.

(Paragraph 34 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**35.** Primary dealers, as users of BAS, shall:

- 1) analyze, accept and observe the BAS rules of use;
- 2) appoint and ensure the registration in BAS of at least two persons as users with the right to conduct transactions with state securities on behalf of the bank, and shall submit to the National Bank and the Ministry of Finance the list of the appointed persons (Annex no.2), including any further changes;
- 3) ensure that the appointed persons are trained to use the BAS platform and shall use it accordingly;
- 4) inform the National Bank in due time about the difficulties that may arise in using the system.

(Paragraph 35 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**36.** In exceptional cases, taking into account the nature of issues, their occurrence and the number of participants at auction who have experienced difficulties in using BAS, the National Bank may apply one of the following alternative options, as follows:

- 1) Option A - to extend the time for the receipt of bids;
- 2) Option B - to postpone the auction for the next day.

**37.** Option A shall be applied where one or more participants at auction inform about the BAS inaccessibility, with at least 15 minutes before the time limit for the receipt of bids. The National Bank may extend the time for the receipt of bids at most until 5:00 pm local time.

**38.** Options B shall be applied if the National Bank decides that the issues of the use of BAS cannot be solved by applying option A.

**39.** The use of alternative options may also include, where appropriate, the receipt of bids on paper, certified by the bank manager's signature and stamp, and parallel use of other means of communication, e-mail or fax.

**40.** The National Bank shall immediately inform BAS users and the Ministry of Finance about the possibility to use the alternative options A-B, as well as the steps to be made by them.

**41.** If the primary dealer submitted its bids for participation at auctions through other means than through BAS, the primary dealer shall provide the reasons for such choice, in written form, to the National Bank.

**42.** The communication with the Ministry of Finance regarding the conduct of SS auctions shall be made by e-mail. In case of impossibility to use e-mail due to technical problems, alternative means of communication may be used, as appropriate - interbank website, paper documents.

(Paragraph 42 in the wording of DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## **Chapter V**

### **Auction procedures**

#### **Section 1. Announcement of auctions**

(Paragraph 43 repealed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

(Paragraph 44 repealed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**45.** 5 days before the auction (in case of additional auctions, no later than the day preceding the day of the auction), the Ministry of Finance shall send to the National Bank and to the Central Depository, in copy, the notification on SS auctions (Annexes no.3, no. 4 and no.4<sup>1</sup>).

(Paragraph 45 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**46.** The notification on SS auctions shall include the following data:

1) at the sale of SS, for all types of SS offered for placement:

- a) auction date;
- b) type of SS;
- c) ISIN code;
- d) nominal value of a SS;
- e) indicative volume of the issue;
- f) circulation term of SS;
- g) conditions for sale;
- h) settlement date;
- i) maturity date of SS;
- j) limit for submission of competitive bids, if any.

2) additional for GB:

a) annual interest rate (for GB with fixed interest rate)/annual variable interest rate for the calculation of the first coupon (for GB with floating interest rate);

- b) terms of payment of interest rates;
- c) maximum margin (for GB with floating interest rate).

3) additional for reopening SS issue / early redemption of SS:

- a) residual maturity;
- b) accrued interest, rounded with seven digits after the comma;
- c) indicative volume;
- d) conditions for reopening the issue / early redemption.

(Paragraph 46 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**47.** Upon the receipt of the notification on SS auctions from the Ministry of Finance, with 4 days before the auction (in the case of additional auctions, in the day of auction at the latest, with an hour before the deadline for the receipt of bids), the National Bank shall send to the primary dealers, through BAS, invitations to auctions for the competitive bidding and the ordinary non-competitive bidding designed for the clients of primary dealers.

The invitations to auctions for the non-competitive bidding for primary dealers shall be sent to primary dealers through BAS by the National Bank after the competitive bidding is completed.

(Paragraph 47 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**48.** Invitations shall include the auction number, description of SS, date and time set for the receipt of bids, the indicative volume (for the competitive bidding), the maximum volume of placements for the ordinary non-competitive bidding and the special non-competitive bidding,

calculated according to the provisions of paragraph 50 and 53, the time limit for the announcement of auction results and other details of the SS to be auctioned, according to the notification.

(Paragraph 48 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**49.** In the same day of the reference auction, the Ministry of Finance can organize an ordinary non-competitive bidding for the primary dealers. This fact shall be communicated by the Ministry of Finance to the National Bank through its decision on the allocation of SS (Annex no.6). The ordinary non-competitive bidding can be attended only by primary dealers who have purchased in their own name and account a minimum value of 2% from the indicative volume of the issue for the competitive bidding.

(Paragraph 49 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**50.** A volume of 3% of the indicative volume of the reference auction shall be announced for placement at the auctions for the ordinary non-competitive bidding for the clients of primary dealers. The maximum limit for the value of a bid submitted by a client shall not exceed 100% of the volume calculated for the non-competitive ordinary bidding designed for clients of primary dealers. For the ordinary non-competitive bidding designed for primary dealers, a volume of 7% of the allocated volume is announced for placement within the competitive bidding.

(Paragraph 50 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**51.** The maximum volume for purchase within the non-competitive biddings for each primary dealer shall be calculated and announced by the National Bank, depending on the performance of each dealer at the competitive bidding, by using the pro-rata method.

**52.** At the request of the Ministry of Finance, the National Bank can announce the organization of special non-competitive biddings to which only the primary dealers that traded on the SS secondary market in the previous quarter a volume which exceeds by at least 20% the trading normative on the secondary market shall be admitted.

**53.** The special non-competitive biddings shall be organized on a quarterly base, in the same day of the last competitive bidding for T-Bills, while the offered SS shall have the same ISIN code as those placed at the reference auctions. The sale price of SS is the weighted average price of SS allocated within the last competitive bidding for T-Bills.

The indicative volume for the special non-competitive bidding shall constitute maximum 15% from the volume allocated at the reference auction.

The maximum volume offered by each primary dealer shall be calculated according to the following algorithm:

(the traded volume in the previous quarter – the trading normative \* 1.2)/2.

(Paragraph 53 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**54.** The National Bank and the Ministry of Finance shall publish the notifications on SS auctions on their official websites.

(Paragraph 54 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**55.** As for the GB with floating interest rate, the annual variable rates for the calculation of future coupons shall be announced by the Ministry of Finance with 5 days before the start of the respective coupon period (Annex no. 5). The notifications shall be sent to the National Bank and the Central Depository, in copy, published on the official websites of the National Bank and the Ministry of Finance, and sent by the National Bank to the primary dealers via Bloomberg messaging.

(Paragraph 55 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## Section 2. Preparation and submission of bids to the auction

(The Section 2 title amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**56.** Bids shall be submitted by primary dealers on the day of auction through BAS. The bids shall be submitted in the time period specified in the invitation to participate at the auction.

**57.** The primary dealer is in charge with the submission of bids through BAS and is entitled to modify or revoke the submitted bids until the time limit for the receipt of bids. No modification or revocation of the submitted bids is allowed after the expiry of the time limit set for the receipt of bids, provided that these constitute firm commitments of participants.

**58.** The bids shall be prepared separately for each ISIN code.

**59.** In case of reopening the SS issue and early redemption of SS, the bids shall be submitted at a clean price.

(Paragraph 59 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**60.** In the competitive bidding, the primary dealer is entitled to submit an unlimited number of competitive bids in its own account and in the account of its clients.

**61.** In the non-competitive biddings designed for clients, the primary dealer is entitled to submit the non-competitive bids exclusively in the account of its clients, while in the non-competitive biddings designed for primary dealers, they have the right to submit non-competitive bids exclusively in their own accounts.

**62.** The volume of SS mentioned in the bids, regardless of their type, shall represent a multiple of the nominal value of SS. The price (expressed in percentage of the nominal value) for T-bills or GB with fixed interest rate and the margin for GB with floating interest rate shall be provided in the competitive bids with two digits after the decimal point. In case of reopening the GB and early redemptions of GB, their clean price shall be provided, while the settlement shall be done at the dirty price, with the Central Depository adding automatically the accrued interest.

(Paragraph 62 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**63.** The primary dealer shall submit the competitive bids and non-competitive bids in the BAS platform, in its own name and account, as well as those submitted in the account of its client, as follows:

1) for the bids submitted in its own name and account, the section "Account name" from BAS shall not be filled in;

2) for the bids submitted in the name of the client, and which are prepared separately for the client and price/margin, the section "Account name" shall include the respective "Position account code" assigned by the Central Depository upon opening the SS control accounts.

**63<sup>1</sup>.** If the Position account code has been incorrectly indicated, SS traded on behalf of the clients will be transferred to the primary dealer's omnibus account. The primary dealer will perform the SS transfer, according to the Central Depository Rules:

1) from the omnibus account to the investor's securities account, after the settlement - in case of operations on the primary market;

2) from the investor's securities account to the omnibus account, until the settlement is made - in case of early redemption of the SS.

(Paragraph 63<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**64.** The bids that do not meet the conditions set by this Regulation shall be rejected.

(Paragraph 64 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

### Section 3. Auction allotment

**65.** The final information on the received competitive bids and non-competitive bids designed for clients (volume and prices/margins) shall be sent to the Ministry of Finance immediately after the expiry of the time limit for the receipt of bids, which shall inform the National Bank in at most 1 hour about its decision regarding the minimum (maximum) accepted price/maximum accepted margin and the volume of SS to be allocated for each ISIN code (Annexes no. 6 and no. 6<sup>1</sup>). Based on the decision of the Ministry of Finance on the allotment of SS, the National Bank shall make the allotment and finish the auction in BAS.

(Paragraph 65 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**66.** Depending on the needs for financing and/or the interest rate level accepted by the Ministry of Finance against the market conditions, the Ministry of Finance reserves the right to allocate an equal SS volume, bigger or smaller than the announced indicative volume, including until the cancelation of the auction.

(Paragraph 66 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**67.** The allotment in the competitive bidding means the sorting of bids in descending / ascending order of prices or ascending order of offered margins, and determining the volume of SS, which price/margin satisfies the indicative volume announced by the Ministry of Finance.

If several bids have been submitted at the minimum (maximum) price / maximum margin which cannot be fully executed and the Ministry of Finance does not increase the volume until their full execution, the remaining allotment shall be executed pro-rata. The amount allocated to each bid is rounded upwardly to the nearest value divisible by the nominal value of a SS.

(Paragraph 67 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**68.** For the allocation of SS in the competitive bidding, the following methods may be used:

1) in the case of T-bills and GB with fixed-interest rate - multiple price auction method, according to which the allotment of SS is performed at the price proposed in each competitive bid;

2) in the case of GB with floating interest rate – single-price auction method, according to which all bids are executed at the maximum accepted margin.

(Paragraph 68 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**69.** In the non-competitive bidding, the bids are allotted at the weighted average price of the bids satisfied in the competitive bidding (with the same ISIN code), within the volume announced in the non-competitive bidding. If the aggregate volume of non-competitive bids exceeds the volume announced in the non-competitive bidding, the respective bids shall be satisfied pro-rata, according to the volume of the submitted bid, by rounding the value upwards to the nearest value divisible by the nominal value of a SS.

(Paragraph 69 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**70.** If no bids have been submitted or the volume of SS allocated in the competitive bidding is 0 in the competitive bidding phase, the non-competitive bidding shall not be organized.

#### Section 4. Used calculation formula

(The Section 4 title amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**71.** When calculating the interest rates / prices of SS, the convention “actual/365” shall be used.

**72.** The nominal interest rate of a T-bill shall be calculated as follows:

$$r = \frac{N - P}{P} * \frac{365}{t} * 100$$

where:

r - annual nominal interest rate (%);

N - nominal value of a T-bill (MDL);

P – price of a T-bill (MDL);

t- number of days to maturity.

(Paragraph 72 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**73.** The effective interest rate of a T-bill shall be calculated as follows:

$$y = \left( \left( \frac{N}{P} \right)^{\frac{365}{t}} - 1 \right) * 100$$

where:

y - annual effective interest rate (%);

N - nominal value of a T-bill (MDL);

P – price of a T-bill (MDL);

t - number of days to maturity.

(Paragraph 73 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**74.** The interest rate of a GB shall be calculated as follows:

$$P = \frac{C_1}{(1+i/100)^{\frac{t_1}{365}}} + \frac{C_2}{(1+i/100)^{\frac{t_2}{365}}} + \dots + \frac{C_n + N}{(1+i/100)^{\frac{t_n}{365}}}$$

where:

P - price of a government bond (including the accrued coupon), (MDL);

n - number of coupons to be paid;

C<sub>n</sub> - size of coupon “n” (MDL);

N - nominal value of a GB (MDL);

i - interest rate of a GB (%);

t<sub>n</sub> - number of days to coupon “n” payment.

**75.** The coupon of a GB shall be calculated as follows:

$$C = N * \frac{r}{100} * \frac{t}{365}$$

where:

C - size of coupon (MDL);

N - nominal value of a GB (MDL);

r - interest rate (of coupon) of a GB (%);

t - coupon term.

**76.** The accrued interest rate shall be calculated as follows:

$$D = C * \frac{n}{t}$$

where:

D – accrued interest rate

C - size of coupon (MDL);

n – number of days for which the accrued interest rate is calculated;

t - coupon term.

**77.** Weighted average price of executed non-competitive bids shall be calculated as follows:

$$P_{mp} = \frac{\sum_{i=1}^n P_i * V_i}{\sum_{i=1}^n V_i}$$

where:

P<sub>mp</sub> - weighted average price (MDL);

$P_i$  - price indicated in  $i$  successful competitive bid (MDL);

$V_i$  - amount indicated in  $i$  successful competitive bid (MDL);

$i$  - number of successful competitive bid;

$n$  - total number of successful competitive bids awarded at the auction.

**78.** Percentage of pro rata allocation and the allotted amount at minimum (maximum) accepted price/maximum accepted margin shall be calculated as follows:

$$\text{all\%} = \frac{V_a - V_s}{V_m}$$

$$S_m = C_m * \text{all\%}$$

where:

all% - percentage of pro rata allocation;

$V_a$  - total allotted amount;

$V_s$  - aggregate amount of bids executed at a higher (lower) price/lower margin than the minimum (maximum) accepted price/maximum accepted margin;

$V_m$  - aggregate amount of bids submitted at the minimum (maximum) accepted price/maximum accepted margin;

$S_m$  - amount allotted to each bid submitted at the minimum (maximum) accepted price/maximum accepted margin;

$C_m$  - value of each bid submitted at the minimum (maximum) accepted price/maximum accepted margin.

(Paragraph 78 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## Section 5. Announcement of auction results

(The Section 5 title amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**79.** After the conclusion of the auction, on the same day, before the time limit for the auction results announcement, the National Bank shall inform the primary dealers through BAS about the allotment of SS, according to the submitted bids. At the same time, they shall have access to the information about the total results of the auction, which in particular include:

- 1) indicative amount (for competitive bidding);
- 2) amount of submitted competitive bids;
- 3) amount of SS allotted in competitive bidding;
- 4) minimum accepted price and maximum accepted interest rate;
- 5) maximum accepted price and minimum accepted interest rate;
- 6) weighted average price and interest rate of accepted bids;
- 7) minimum offered price and maximum offered interest rate;
- 8) maximum offered price and minimum offered interest rate;
- 9) weighted average price and interest rate of submitted bids;
- 10) percentage of pro rata allotment of competitive bids;
- 11) ratio of the amount of submitted competitive bids and the indicative volume for the competitive bidding;
- 12) ratio of the amount of submitted bids and the volume of SS allocated in the competitive bidding;

- 13) amount announced for placement in non-competitive bidding;
- 14) amount of submitted non-competitive bids;
- 15) amount of allotted non-competitive bids;
- 16) ratio of the amount of submitted non-competitive bids and amount of SS announced for placement in non-competitive bidding;
- 17) maximum accepted margin and interest rate applied for first coupon payment, in the case of GB with floating interest rate.

(Paragraph 79 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**80.** In the day of the auction, the National Bank shall send through e-mail to the Ministry of Finance the information about the results of the auction of SS. The information on the results of the auctions of SS shall be published by the National Bank and the Ministry of Finance on their official websites.

(Paragraph 80 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**81.** In order to assure that the SS procurement limit was observed, at the request of the Ministry of Finance, the primary dealers shall send at the latest in the first working day after the auction by 12:00 am, the list of investors who purchased SS with the requested ISIN code at the auction (Annex no.7).

**82.** Immediately after the conclusion of the auction, its results shall be sent by the National Bank to the Central Depository, but not later than 16:00 on the day of the auction. The transmission of the auction results shall include the transfer of data to the Central Depository system and their authorization by the National Bank.

For the purposes of this paragraph, authorization shall be the procedure for confirming, in the Central Depository system, the correctness of the data relevant to the results of SS auctions exported from the single trading platform.

(Paragraph 82 in the wording of DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

(Paragraphs 83-87 repealed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## **Chapter VI**

### **Redemption of SS and payment of related interests**

**88.** The redemption of the SS and / or the payment of interest (coupons) on the GB is made by the Ministry of Finance on the maturity date and / or, respectively, of the payment of interest, indicated in the notification on SS placement auctions, through the Central Depository, in accordance with its rules.

(Paragraph 88 in the wording of DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**88<sup>1</sup>.** The amounts for the redemption of the SS and / or the payment of interest (coupons) on the GB are calculated by the Central Depository and presented to the Ministry of Finance one working day before the date of payment. Upon the redemption at maturity of the SS, during the period between the moment of establishment of the holders and the moment of completion of the settlement of the payment event, the SS concerned shall be suspended from trading.

(Paragraph 88<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

(Paragraph 89 repealed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**90.** If the date of any payments of SS is a holiday, the respective payment shall be made on the first working day thereafter, with no additional interest payment.

## **Chapter VI<sup>1</sup>**

### **Settlement of operations with SS**

**90<sup>1</sup>.** The settlement of the operations concluded within the auctions shall be carried out through the Central Depository system on the settlement date indicated in the notification on SS auctions, which is usually the next working day after the auction date (T + 2).

**90<sup>2</sup>.** The settlement of the operations concluded within the auctions, the SS redemptions and payment of interest (coupons), shall be carried out according to the DvP2 mechanism, at 11:00 (settlement time) on the settlement date.

**90<sup>3</sup>.** To ensure the performance of settlements, on the settlement date:

1) primary dealers, banks that are not primary dealers, the Central Depository and the Deposit Guarantee Fund, which have concluded transactions for the purchase of SS in auctions for their account or for the account of their clients, and the Ministry of Finance, in case of redemption at maturity and early redemption of the SS and payment of interest (coupons), are obliged to ensure the availability of funds, in a volume equal to at least the net obligations, in the settlement accounts in AIPS;

2) primary dealers, banks that are not primary dealers, the Central Depository and the Deposit Guarantee Fund, which have concluded transactions for the sale of SS within auctions for the early redemption of SS, are obliged to ensure the availability of SS, in their own and their clients' securities accounts opened in the Central Depository system, in sufficient volume for their settlement according to the auction results.

The entities mentioned in this paragraph are obliged to ensure the availability of funds and/or SS in accordance with this paragraph no later than the settlement time set out in paragraph 90<sup>2</sup>. If an entity does not ensure the availability of funds or SS, the provisions of paragraphs 90<sup>6</sup> and 90<sup>7</sup> shall apply.

**90<sup>4</sup>.** In addition to the requirements in paragraph 90<sup>3</sup>, primary dealers, banks that are not primary dealers and the Deposit Guarantee Fund, are obliged to apply the necessary credit, liquidity, and settlement non-performance risk management mechanisms, in accordance with the Rules of the Central Depository.

**90<sup>5</sup>.** On the settlement date, at the beginning of the DvP2 settlement session, the Central Depository shall generate and transmit, in AIPS, the payment orders for the settlement of funds relevant to SS transactions and shall perform the appropriate transfer of SS into securities accounts in the Central Depository system, after receiving confirmation of settlement of funds from AIPS, in accordance with the Rules of the Central Depository.

**90<sup>6</sup>.** If the operations settled according to the DvP2 mechanism are not settled at the time set in paragraph 90<sup>2</sup>, a repeated settlement session according to the DvP2 mechanism shall be carried out at 11:50 on the settlement date. In this case, the entities mentioned in paragraph 90<sup>3</sup> are obliged to ensure the availability of funds and/or SS no later than the time provided by this paragraph.

**90<sup>7</sup>.** If the primary dealer, the bank that is not a primary dealer, the Central Depository or the Deposit Guarantee Fund does not ensure the availability of funds and/or SS, in accordance with the requirements in paragraphs 90<sup>3</sup> and 90<sup>6</sup>, the operations concluded by the entity concerned shall be settled according to the DvP1 mechanism. In this case, the entity is obliged to ensure the availability of SS and/or funds in full volume, in the accounts indicated in paragraph 90<sup>3</sup>, no later than 14:50 of the settlement date.

**90<sup>8</sup>.** The SS placed at auctions for which the funds settlement was not carried out until 15:00 shall be canceled, and the Central Depository shall apply on behalf of the Ministry of Finance a single fine in amount of 1% of the unpaid sum for the SS.

The Central Depository shall apply on behalf of the Ministry of Finance a single fine in amount of 1% of the sum for SS for which the availability of funds in the accounts for the early redemption has not been ensured.

The fines applied shall be transferred to the account of the Ministry of Finance designed for SS settlements on the first immediately following working day.

**90<sup>9</sup>.** The Central Depository shall inform the Ministry of Finance about the SS amount for which no payment has been made, or which have not been available in accounts for early redemption.

**90<sup>10</sup>.** The settlement of transactions concluded in the E-bond system shall be carried out according to the DvP1 mechanism, on the settlement date indicated in the transfer order entered in the Central Depository system by the participants in the transaction.

(Chapter VI<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## **Chapter VII**

### **Trading SS on the secondary market**

**91.** The secondary market functions on the principle of direct negotiation and includes the transactions for the sale and purchase of SS accepted for trading on the secondary market.

**92.** The SS in circulation, which are neither encumbered with debts nor subject of trading restrictions on the secondary market, are allowed for trading.

The transactions on the secondary market shall be made in the maturity term of SS, which starts on the date of issue (settlement date) on the primary market and ends on the previous date of the maturity date.

**93.** Primary dealers can make SS transactions on the secondary market in their name and own account, as well as in their name and account of clients, at their request.

**94.** Investors, except the banks which do not have the status of primary dealer, can make transactions on the secondary market only through primary dealers.

**95.** The transactions between the participants of the secondary market (primary dealers and banks that do not have the status of primary dealer), made both in their own account and for the account of clients shall be concluded in the Bloomberg Professional Service - E-Bond system. Exceptions from this provision are the transactions performed by the bank with its clients and those made between the clients of the same bank.

The SS, which are allowed for trading, shall be registered in the E-Bond system by Bloomberg Professional Service on the base of a notification from the Ministry of Finance.

Bloomberg Professional Service shall keep the list of all SS issues accepted for trading in the E-bond system, while the Ministry of Finance shall assure its daily update.

The access to the trading platform is allowed to the primary dealers approved by the Ministry of Finance and other participants of the Central Depository based on the decision of the Ministry of Finance.

The Ministry of Finance shall have access to the trading platform without trading rights, exclusively for monitoring purposes of the SS secondary market.

The National Bank shall have access to the trading platform for purposes of collecting the information for the exercise of its duties as central bank.

Each participant to the E-Bond system shall introduce the counterparties of the transaction.

**96.** The intent of the participants to join the transaction shall be expressed by showing the quotes, sending the requests for quotes (RFQ) or introducing anonymous orders. The transactions negotiated via phone shall be registered in the E-Bond system on a compulsory base by the date of settlement, using the Voice Trade Reporting (VTR).

**97.** The displayed quotes are firm and the participant is obliged to conclude the transaction at the quoted price and within the limit of the offered volume, if accepted.

**98.** Quotes shall include at least the information regarding: the type of transaction (sale, purchase or sale-purchase), price, expressed in percentages with 4 decimals, the interest rate, the SS volume at nominal value.

**99.** The primary dealers have the obligation to publish on a daily base, on their special pages of the single trading platform, the sale and purchase prices according to paragraph 100.

**100.** The minimal daily quotes of the single trading platform which shall be met cumulatively by the primary dealers, are the following:

a) submission of sale and purchase quotes for SS issued and settled at the last two auctions, during 4 hours, in the time period 10:00am – 2:00pm;

b) the minimal volume of SS with a sale and purchase quote shall amount to MDL 100 thousand to the nominal value.

(Paragraph 100 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**101.** The Ministry of Finance may set a maximum margin between the sale and purchase quotes for each SS maturity, which shall be published on its official website.

**102.** The published quotes can be updated during the day, at any time, during the operating schedule of the market.

**103.** For the display of quotes and trade of SS, the convention and calculation formulas provided in paragraphs 72-78 shall be used.

**104.** At the end of each trading day, the quotes displayed in the E-Bond system shall be cancelled automatically.

**105.** If the negotiated transaction was concluded, the trading system shall send to both counterparties the electronic confirmation, which includes the following elements:

- 1) description of SS and ISIN code;
- 2) date and time of transaction;
- 3) date of transaction settlement;
- 4) price/ interest rate;
- 5) volume at the sale-purchase price (in the case of GB, the clean price, the accrued interest and the dirty price shall be paid);
- 6) volume of transaction at nominal value;
- 7) name of counterparty.

**106.** The settlement of transactions concluded in the E-Bond system shall be made by the participants of the transaction through the introduction of transfer orders in the Central Depository system, according to its rules. In the case of GB, the transfer orders shall include the clean price, while the settlement of transaction shall be done at the dirty price. The Central Depository System shall add the accrued interest automatically.

**107.** The operating schedule of the secondary market is between 9:00am to 5:00pm, local time, from Monday to Friday, except the holidays.

**108.** The participants of the secondary market shall conclude transactions only through authorized and registered persons in the E-Bond system. The transactions on the secondary market can be made exclusively by persons who have specific knowledge regarding these operations, the practices of the market, in force regulations and duties, following an internal training or another form of training accepted by the management body of the participant.

**109.** The access to the trading system is allowed to the authorized persons only on the base of a personal user code.

**110.** The participants of the secondary market shall provide to the Ministry of Finance and other participants the list of authorized persons to conduct transactions on the secondary market.

**111.** The participants of the secondary market shall observe the following professional and ethical norms:

- 1) not to spread rumours or false information about the market, price level or market participants;
- 2) to avoid any activities which have the purpose to manipulate the market prices or to derange the efficient operation of the market;
- 3) to avoid entering any fictitious transactions, the purpose of which is not the transfer of ownership of the traded SS;
- 4) to perform transactions at prices which comply with the general conditions of the market;
- 5) not to disclose any confidential information related to the concluded or ongoing transactions;
- 6) to observe the commitments assumed towards another participant in the secondary market and to ensure the transmission in due time to the Central Depository of the transfer orders related to the negotiated transaction, in order to make the settlement and register the transaction in the Central Depository's System, in accordance with its rules;
- 7) to make transactions within the trading limits (ceiling), according to its internal control procedures.

**112.** The participants of the secondary market shall inform the Ministry of Finance about any activity which can jeopardize the integrity of the SS second market, such as:

- 1) submission of firm quotes and their immediate withdrawal after the intention not to trade at the displayed price;
- 2) displaying unrealistic firm quotes, for which no intention to honor the obligation exists or they are designed to confuse the rest of primary dealers.

**113.** The Ministry of Finance shall monitor the quotes and/or SS sale and purchase transactions, through the E-Bond System.

**114.** The Ministry of Finance shall access the E-Bond System and use for monitoring purposes of the dynamics of interest rates on the SS secondary market and the activities of primary dealers, so they can perform their SS quotation duties, as well as for other purposes necessary for the implementation of their duties, the following information:

- 1) quotes and/or orders, and requests for the quotes introduced by the participant of the secondary market in the E-Bond System, as well as the data related to the concluded transactions;
- 2) the lowest and the highest price of transactions concluded by the participant of the secondary market during the trading day, quotes and/or orders, and requests for quotes at the end of the trading day;
- 3) the total volume traded by the participant of the secondary market at the end of the trading day.

**115.** The Ministry of Finance shall publish, on its official website, the results of transactions made on the secondary market, concluded in the E-bond system, with details regarding the prices/interest rates and the traded volume.

(Paragraph 115 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**AGREEMENT**  
on the duties of the primary dealer on the state securities market

Chişinău

„\_\_\_” \_\_\_\_\_ 20\_\_

**Parties to this Agreement:**

Ministry of Finance of the Republic of Moldova (hereinafter the Ministry of Finance), acting as issuer of state securities, in the person of \_\_\_\_\_ and the bank \_\_\_\_\_  
(name, surname, position) (full name of bank)  
hereinafter called primary dealer, in the person of \_\_\_\_\_, concluded  
(name, surname, position)  
this Agreement with regard to the followings.

**I. OBJECT OF AGREEMENT**

1.1 This Agreement determines the relations between the Ministry of Finance and the primary dealer in the process of placement on the primary market, early redemption, and trading on the secondary market of state securities in book-entry form (hereinafter called SS), issued by the Ministry of Finance on behalf of the Republic of Moldova in accordance with the legislation in force.

1.2 By this Agreement, the Ministry of Finance shall assign to the bank \_\_\_\_\_  
(name of bank)

the status of primary dealer, and the primary dealer commits itself to participate in SS auctions and to contribute to the provision of SS liquidity on the secondary market.

(Paragraph 1.2 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

1.3 Parties to this Agreement commit themselves to honor with due diligence the obligations under this Agreement and the provisions of the Regulation on placement, transaction and redemption of state securities in book-entry form, approved by the Decision no. \_\_\_\_\_ of \_\_\_\_\_ (hereinafter the Regulation).

**II. RIGHTS AND OBLIGATIONS OF THE MINISTRY OF FINANCE**

**Ministry of Finance is entitled:**

2.1. To determine, modify and publish on the official website of the Ministry of Finance, the list of primary dealers.

2.2. To monitor and assess the activity of primary dealer and compliance with the criteria set out in paragraph 21 of the Regulation.

2.3. To request information and explanations from the primary dealer in the following circumstances (but not limited to):

2.3.1. if the Ministry of Finance considers that the primary dealer's activity or performance indicators have damaged its reputation or might prejudice the placement of SS on the primary market, early redemption or their trading on the secondary market, the trust of investors and SS market performance;

(Sub-paragraph 2.3.1 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

2.3.2. if the Ministry of Finance found that the primary dealer failed to comply with the provisions of this Agreement; or

2.3.3. if the primary dealer announces quotes on the SS secondary market and trades them at prices that differ significantly from market prices at the respective time.

2.4. To suspend the status of primary dealer where deviations from the provisions of the Regulation are identified, by a 10-working days prior written notification to the primary dealer.

2.5. To suspend the status of the primary dealer depending on the gravity of the infringement, without any prior notification, informing in writing the primary dealer within 2 working days after the suspension.

2.6. To inform the National Bank, the Single Central Depository of Securities and other primary dealers about the suspension / resolution of the agreement.

(Paragraph 2.6 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

2.7. To not admit the primary dealer in one or more subsequent auctions, in case of non-compliance with the provisions of paragraphs 17 and 90<sup>2</sup> of the Regulation.

(Paragraph 2.7 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

#### **Ministry of Finance commits:**

2.8. To announce the primary dealer about the auction calendar for the sale and early redemption of SS in book-entry form.

(Paragraph 2.8 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

2.9. To inform the primary dealer about the daily minimal quotation obligations on the single trading platform.

2.10. To inform the participants of the market about the performance assessment methodology of primary dealers, according to Annex no.9 to the Regulation.

2.11. To ensure impartial and fair treatment of all primary dealers, both with regard to the availability of information as well as their performance evaluation.

### **III. RIGHTS AND OBLIGATIONS OF THE PRIMARY DEALER**

#### **Primary dealer commits:**

3.1. To act as intermediary between the issuer and investors in SS distribution and facilitate the expansion of investors' database, as well as between the SS holders and issuer in early redemption of SS.

(Paragraph 3.1 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.2. To assure the liquidity of the market through SS trading in the secondary market.

3.3. To purchase in own name and account a minimum of 3% from the total value sold by the Ministry of Finance, related to the SS issue in the assessed period.

3.4. The weighted value of SS purchased in own name and account, calculated on the base of multiplier coefficients stipulated in Annex no.9 of the Regulation, shall amount to minimum 2% of the total weighted value sold by the Ministry of Finance, related to the SS issues in the assessed period.

3.5. To contribute to the creation of liquidities on the second market of SS, by performing quarterly transactions in own name and account of minimum 3% of the total volume of sale/purchase transactions with SS on the secondary market in the previous quarter (except the open market operations of the National Bank, as well as SS early redemption operations).

(Paragraph 3.5 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.6. To meet cumulatively the minimum conditions of daily quotation on the single trading platform, stipulated in paragraph 100 of the Regulation.

3.7. To apply appropriate measures for the execution of orders for the account of clients, which shall assure the immediate and foreground execution of clients' orders against those in own name and account.

3.8. To inform the investors about the SS auctions by displaying the notifications on SS auctions, as well as the results of the last two auctions, at the headquarters of banks and their branches where clients have access.

(Paragraph 3.8 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.9. To accept the orders of clients for the purchase of SS at auction (for the competitive bidding and the ordinary non-competitive bidding designed to clients)/orders of clients for sale of SS at early redemption auctions by the end of the working day on the eve of auction.

The orders of clients can be accepted in the day of auction as well, provided that the primary dealers consider that they can be processed by the time limit established for receiving the bids of primary dealers by the National Bank through BAS.

(Paragraph 3.9 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.10. To accept the orders of clients for purchase or sale of SS at auctions, in written form, which shall be drafted according to the model in Annexes no.8 and 8<sup>1</sup> of the Regulation or in another way as agreed by parties (via phone, electronic form or secure mail), and not to execute them erroneously.

(Paragraph 3.10 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.11. To set through contractual relations, the rights and obligations of each client, the term and method of payment related to the SS transactions, depending on the exposure to the risk tolerance degree.

3.12. To perform operations in the account of a client, provided that a decision of the client, drafted and sent according to the requirements of paragraph 3.10 of the present Agreement, has been issued.

(Paragraph 3.12 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.13. To compensate to clients the funds designed for the purchase of SS at auction, in the amount of the unsuccessful bids, at the latest in the first working day after the announcement of the results of the auction by the National Bank.

(Paragraph 3.14 repealed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.15. To register the amount for redeemed SS/amount of related interest at the maturity date of SS/date of interest payment in the current accounts of clients, after receiving the respective funds from the Ministry of Finance.

3.16. To receive clients' orders for the purchase/sale of SS on the secondary market, drawn up in accordance with their own procedures, as set out in paragraph 19 sub-paragraph 8) of the Regulation, and to take the necessary measures to assure their execution at the interest rates comparable to the rates of the market.

3.17. To notify the client in writing, by e-mail or other means of communication agreed by the parties on the execution or non-execution of its orders in reasonable time.

(Paragraph 3.17 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.18. To provide customer service in the SS operations, including through the branches of the bank.

3.19. To meet the conditions of access on the primary market of SS and the obligations stipulated in paragraphs 19 and 21 of the Regulation.

3.20. To support the development of the SS market and to actively participate in the SS auctions.

(Paragraph 3.20 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.21. To submit competitive bids at auctions, which comply with the current conditions of the SS market.

3.22. To participate in the competitive biddings, ordinary non-competitive biddings and special non-competitive biddings, by sending bids in personal name and own account.

3.23. To accept the orders of clients for the purchase of SS on the primary market according to the limits of submitting the bids mentioned in the notification on SS placements.

3.24. To keep a strict and correct recording of the property rights of its clients on SS, to assure the confidentiality about the holders and SS transactions.

3.25. To act as a market-maker on the SS market by publishing the purchase and sale quotes on a daily base, according to the provisions of the Regulation and to conclude transactions on the secondary market at the established price and within the limit of the offered volume, in case a firm quotation was displayed/accepted.

3.26. To provide to the Ministry of Finance different reports and information regarding SS, including on the trends of the market, the level of prices and positions of each type of SS, according to the requirements set by the Ministry of Finance.

3.27. To inform its clients about the suspension or resolution of the present Agreement by the Ministry of Finance, within 10 days from the date of notification by the Ministry of Finance about the suspension or resolution of the agreement.

(Paragraph 3.27 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.28. To observe the provisions of the regulatory acts applicable for the SS placement on the primary market, early redemption, and in conducting transactions on the secondary market, to allocate sufficient resources for the observance of its commitments under the present Agreement.

(Paragraph 3.28 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

#### **Primary dealer is entitled:**

3.29. To participate in the primary placement/early redemption of SS.

(Paragraph 3.29 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.30. To reject purchase/sell orders of SS, if the client drafts them incorrectly.

(Paragraph 3.30 completed by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

3.31. To publicly announce its decision to terminate this Agreement.

(Paragraph 3.31 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

### **IV. TERMS AND CONDITIONS WITH REGARD TO THE EFFECTS AND RESOLUTION OF THIS AGREEMENT**

The present Agreement shall enter into force at the date of signature and be effective for an indefinite period.

4.1. This Agreement may be terminated in the following cases:

in the case of withdrawal of license by the National Bank to conduct financial activities;  
at the request of the primary dealer, provided prior notification is sent to the National Bank within 30 days.

(Paragraph 4.1 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

4.2. Resolution of this Agreement at the request of the primary dealer may take place only after the transfer of all SS by the Central Depository from the portfolio of clients for recording and service to another primary dealer, selected by the client.

(Paragraph 4.2 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

4.3. Additions and amendments to this Agreement shall be made by an additional Agreement signed by both Parties.

(Paragraph 4.3 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

## V. LITIGATIONS AND DISPUTES OF THE PARTIES

5.1 The disputes that may arise in the course of execution of this Agreement shall be examined by the parties in order to reach mutually acceptable decisions.

5.2 The litigations and disputes that arise in the course of execution of this Agreement shall be settled in accordance with the legislation of the Republic of Moldova.

This Agreement is signed in two copies, which have the same legal force.

Ministry of Finance

-----  
(address of the Ministry of Finance)

-----  
(tax code – IDNO)

-----  
(name, surname, position, signature)

Stamp

Primary dealer

-----  
(name and address of the primary dealer)

-----  
(tax code – IDNO)

-----  
(name, surname, position, signature)

(Annex No. 1 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

Annex no.2  
to the Regulation on placement, transaction and redemption  
of state securities in book-entry form

**National Bank of Moldova**  
**Ministry of Finance**

Primary dealer: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_

**LIST OF PERSONS DESIGNATED AND REGISTERED IN BLOOMBERG**

| No. | Name,<br>surname | UUID code | E-mail | BAS/E-Bond<br>system |
|-----|------------------|-----------|--------|----------------------|
| 1.  |                  |           |        |                      |
| 2.  |                  |           |        |                      |
| 3.  |                  |           |        |                      |
| 4.  |                  |           |        |                      |

The persons listed above are authorized to submit bids to auctions for state securities through BAS and conduct transactions on the secondary market through E-Bond, until this notice is changed or cancelled by the primary dealer in accordance with the Regulation on placement, transaction and redemption of state securities in book-entry form.

Person in charge of the primary dealer \_\_\_\_\_  
(position, name, surname)

(Annex No. 2 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**MINISTRY OF FINANCE**

**NOTIFICATION  
on state securities placement**

Ministry of Finance proposes for placement state securities amounted to MDL \_\_\_\_\_.  
(in figures)

State securities shall be placed on the primary market within the auctions conducted by the National Bank of Moldova on „\_\_\_\_” \_\_\_\_\_ 20\_\_.

The bids for the purchase of state securities shall be received by the National Bank of Moldova from primary dealers authorized to participate in the auctions organized for the sale of state securities issued in book-entry form.

The limit of bids for auction submitted for the own account of a primary dealer or of a client for state securities with the same ISIN code is:

\_\_\_\_\_.  
(shall be mentioned if established)

Clients' orders (investors) to purchase state securities shall be received by the primary dealers authorized by the Ministry of Finance.

**CHARACTERISTICS OF STATE SECURITIES ISSUE**

| Type of SS | Circulation term<br>of SS | ISIN code | Nominal value of a<br>SS (MDL) | Indicative amount of<br>the issue<br>(MDL, million) | Sale conditions | Settlement date | Maturity date |
|------------|---------------------------|-----------|--------------------------------|-----------------------------------------------------|-----------------|-----------------|---------------|
| 1          | 2                         | 3         | 4                              | 5                                                   | 6               | 7               | 8             |
|            |                           |           |                                |                                                     |                 |                 |               |
|            |                           |           |                                |                                                     |                 |                 |               |
|            |                           |           |                                |                                                     |                 |                 |               |

Person in charge of the Ministry of Finance \_\_\_\_\_  
(position, name, surname)

Annex no.4  
to the Regulation on placement, transaction and redemption  
of state securities in book-entry form

**MINISTRY OF FINANCE**

**NOTIFICATION  
on state securities placement**

Ministry of Finance proposes for placement state securities amounted to MDL \_\_\_\_\_.  
(in figures)

State securities shall be placed on the primary market within the auctions conducted by the National Bank of Moldova on „\_\_\_\_” \_\_\_\_\_20\_\_.

The bids for the purchase of state securities shall be received by the National Bank of Moldova from primary dealers and participating banks authorized to participate in the auctions organized for the sale of state securities issued in book-entry form.

The limit of bids for auction submitted for the own account of a primary dealer or of a client for state securities with the same ISIN code is:

\_\_\_\_\_  
(shall be mentioned if established)

Clients' orders (investors) to purchase state securities will be received by the primary dealers authorized by the Ministry of Finance.

**CHARACTERISTICS OF STATE SECURITIES ISSUE**

| Type of SS | Circulation term of SS | ISIN code | Nominal value of a SS (MDL) | Indicative amount of the issue (MDL, million) | Sale conditions | Annual interest rate of GB with fixed interest rate/<br>Annual variable interest rate for the calculation of the first coupon of GB with floating interest rate <sup>1</sup> (%) | Maximum magnitude of margin accepted for GB with floating interest rate (percentage points) | Settlement date | Maturity date | Terms of payment of interest |
|------------|------------------------|-----------|-----------------------------|-----------------------------------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------|---------------|------------------------------|
| 1          | 2                      | 3         | 4                           | 5                                             | 6               | 7                                                                                                                                                                                | 8                                                                                           | 9               | 10            | 11                           |
|            |                        |           |                             |                                               |                 |                                                                                                                                                                                  |                                                                                             |                 |               |                              |
|            |                        |           |                             |                                               |                 |                                                                                                                                                                                  |                                                                                             |                 |               |                              |

<sup>1</sup> Annual variable rate - average rate of treasury bills, calculated in accordance with the Instruction on the placement, trading and redemption of government bonds with floating interest rate. Annual variable rates for the calculation of future coupons shall be announced in the notifications of the Ministry of Finance with 5 days before the start of the respective coupon period.

Person in charge of the Ministry of Finance \_\_\_\_\_  
(position, name, surname)

(Annex No. 4 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**MINISTRY OF FINANCE**

**NOTIFICATION  
on early redemption of state securities**

Ministry of Finance announces the early redemption of state securities with ISIN code \_\_\_\_\_  
in amount of \_\_\_\_\_ MDL.  
(in figures)

State securities shall be redeemed within the auction to be carried out at the National Bank of Moldova on „\_\_” \_\_\_\_\_ 20\_\_.

The bids for the sale of state securities shall be received by the National Bank of Moldova from primary dealers authorized to participate in the auctions organized for the sale of state securities issued in book-entry form.

Orders of clients (investors) for the sale of state securities shall be received by the primary dealers authorized by the Ministry of Finance.

**CHARACTERISTICS OF STATE SECURITIES EARLY REDEMPTION**

| Type of SS | Residual maturity | ISIN code | Initial issue date | Indicative amount of the redemption (MDL, million) | Redemption conditions | Interest accrued on one SS (MDL) | Early redemption (settlement) date |
|------------|-------------------|-----------|--------------------|----------------------------------------------------|-----------------------|----------------------------------|------------------------------------|
| 1          | 2                 | 3         | 4                  | 5                                                  | 6                     | 7                                | 8                                  |
|            |                   |           |                    |                                                    |                       |                                  |                                    |

Person in charge of the Ministry of Finance

-----  
(position, surname and first name)

(Annex No. 4<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

### NOTIFICATION

Ministry of Finance informs that the annual interest rate applied for the calculation of the value of coupon on government bonds with floating interest with the ISIN code \_\_\_\_\_, issued on \_\_\_\_\_, to be paid on \_\_\_\_\_, is \_\_\_\_\_% (average rate of treasury bills of \_\_\_\_\_ days \_\_\_\_\_% plus the margin \_\_\_\_\_percentage points).

Person in charge of the Ministry of Finance \_\_\_\_\_  
(position, name, surname)

to the Regulation on placement, transaction and redemption  
of state securities in book-entry form

**National Bank of Moldova**

**DECISION**  
**on the allocation of state securities**

Ministry of Finance of the Republic of Moldova establishes the state securities allocation parameters within the auction(s) for the placement of SS of \_\_\_\_\_, as follows:

| ISIN<br>code | Circulation<br>term of SS<br>(days) | Minimum<br>accepted<br>price/maximum<br>accepted margin<br>(MDL/percentage<br>points) | Volume of SS awarded at nominal<br>value (MDL) |                                                           |       | Non-competitive<br>ordinary bidding<br>for primary<br>dealers (Yes/No) |
|--------------|-------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------|-------|------------------------------------------------------------------------|
|              |                                     |                                                                                       | Competitive<br>bidding                         | Non-<br>competitive<br>ordinary<br>bidding for<br>clients | Total |                                                                        |
| 1            | 2                                   | 3                                                                                     | 4                                              | 5                                                         | 6     | 7                                                                      |
|              |                                     |                                                                                       |                                                |                                                           |       |                                                                        |
|              |                                     |                                                                                       |                                                |                                                           |       |                                                                        |

Person in charge of the Ministry of Finance \_\_\_\_\_  
(position, name, surname)

Annex no.6<sup>1</sup>  
to the Regulation on placement, transaction and redemption  
of state securities in book-entry form

**National Bank of Moldova**

**DECISION**  
**on allocation of state securities within early redemption**

Ministry of Finance of the Republic of Moldova establishes the parameters for early redemption of state securities within the auction on \_\_\_\_\_, as follows:

| <b>ISIN<br/>code</b> | <b>Maximum<br/>accepted price</b> | <b>Volume of SS awarded at nominal<br/>value, total (MDL)</b> |
|----------------------|-----------------------------------|---------------------------------------------------------------|
| <b>1</b>             | <b>2</b>                          | <b>3</b>                                                      |
|                      |                                   |                                                               |
|                      |                                   |                                                               |

Person in charge of the Ministry of Finance

-----  
(position, surname and first name)

(Annex No. 6<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**Name of primary dealer**

**List of investors**  
**that purchased SS at the auction of „\_\_\_” \_\_\_\_\_20\_\_**

| No. | Name of legal entity/name and surname of individual | State identification number - tax code (IDNO) / ID number and series number/ country of residence <sup>1</sup> | ISIN code of state securities | Volume of purchased SS at nominal value (MDL) | Share in SS volume placed with the same ISIN code (%) |
|-----|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------|-------------------------------------------------------|
| 1   | 2                                                   | 3                                                                                                              | 4                             | 5                                             | 6                                                     |
|     |                                                     |                                                                                                                |                               |                                               |                                                       |
|     |                                                     |                                                                                                                |                               |                                               |                                                       |

<sup>1</sup> Information on country of residence shall be filled in only for non-resident investors

Authorized person \_\_\_\_\_  
(name, surname)

Date and time of delivery \_\_\_\_\_  
DD MM YYYY HH:MM

Primary dealer \_\_\_\_\_  
Headquarters \_\_\_\_\_  
Telephone \_\_\_\_\_  
Fax \_\_\_\_\_

### STATE SECURITIES PURCHASE ORDER

Auction date \_\_\_\_\_  
Circulation term or ISIN code \_\_\_\_\_  
No. of order \_\_\_\_\_  
Data and time of order receipt \_\_\_\_\_

| Proposed price ( % ) /<br>Proposed margin (percentage<br>points) <sup>1</sup> | Quantity of SS<br>(units) |
|-------------------------------------------------------------------------------|---------------------------|
|                                                                               |                           |
|                                                                               |                           |
|                                                                               |                           |
|                                                                               | <b>Total</b>              |

<sup>1</sup> To be indicated for competitive bids

#### INVESTOR:

Name, surname \_\_\_\_\_  
(for individuals)  
Name \_\_\_\_\_  
(for legal entities)  
Headquarters / domicile \_\_\_\_\_  
Telephone \_\_\_\_\_  
Bank account number \_\_\_\_\_  
Bank \_\_\_\_\_

**I declare on my word of honor that the total amount of purchase orders of SS at nominal value in this auction does not exceed the limit for submission of bids announced in the notification on the placement of securities.**

**For legal entities:** \_\_\_\_\_  
(position, name, surname, signature)

**For individuals:** \_\_\_\_\_  
(name, surname, signature)

**Primary dealer** \_\_\_\_\_  
**Headquarters** \_\_\_\_\_  
**Telephone** \_\_\_\_\_  
**Fax** \_\_\_\_\_

### STATE SECURITIES SALE ORDER

Auction date \_\_\_\_\_  
 Circulation term or ISIN code \_\_\_\_\_  
 Order no. \_\_\_\_\_  
 Date and time of order receipt \_\_\_\_\_

| Price offered for competitive bidding session | Quantity of SS (units) |
|-----------------------------------------------|------------------------|
|                                               |                        |
|                                               |                        |
|                                               |                        |
|                                               | Total                  |

**INVESTOR:**

Surname and name \_\_\_\_\_  
(for individuals)

Name \_\_\_\_\_  
(for legal entities)

Headquarters/domicile \_\_\_\_\_

Contact phone number \_\_\_\_\_

Bank account number \_\_\_\_\_

Bank \_\_\_\_\_

For legal entities: \_\_\_\_\_  
(position, surname, first name, signature)

For individuals: \_\_\_\_\_  
(surname, first name, signature)

(Annex No. 8<sup>1</sup> inserted by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

### **Assessment of performance of primary dealers**

1. The Ministry of Finance shall continuously monitor and conduct quarterly statistical assessments. The results shall be communicated to each primary dealer.
2. The assessment of performance of primary dealers is based on the following criteria:
  - 1) activity on the primary market - 45 points;
  - 2) activity on the secondary market - 40 points;
  - 3) qualitative criteria - 15 points.
3. The final result received by each primary dealer shall be calculated by adding the scores for each of the three criteria, while the ranking is set by hierarchy of scores in descending order. The maximum number of points which can be obtained by a primary dealer is 100.

For calculation purposes of the weighted values, the multiplier coefficients shall be established as follows:

|                    |          |             |             |             |             |         |
|--------------------|----------|-------------|-------------|-------------|-------------|---------|
| Maturity * (years) | 0 - 1,99 | 2,00 - 3,99 | 4,00 - 5,99 | 6,00 - 7,99 | 8,00 - 9,99 | 10,00 ≤ |
| Coefficient        | 1        | 2           | 3           | 4           | 5           | 6       |

\*For the primary market, the maturity for newly issued SS is the initial maturity of SS, while for the reopened issues – the residual maturity shall be considered; for the secondary market – the residual maturity of SS.

The Ministry of Finance shall operate modifications of the multiplier coefficients depending on the dynamics of market conditions or the introduction of new categories of financial instruments. The modifications of multiplier coefficients shall be announced with at least 1 month in advance before their implementation.

(Paragraph 3 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

4. For assessment purposes, the following values shall be used:

- 1) for T-Bills and GB – the purchased volume at the nominal value;
- 2) for transactions on the secondary market – the settlement nominal value of transactions.

The SS transfer to the omnibus account in the case set out in paragraph 63<sup>1</sup> of the Regulation shall not qualify as a sale-purchase transaction on the secondary market, therefore, it shall not be considered when assessing the performance of primary dealers on the secondary market.

(Paragraph 4 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

5. The assessment of the activity developed by primary dealers on the primary market is based on the following indicators:

- 1) **share in the total amount of allocated SS for long term – 20 points:**

a) shall be calculated as the ratio between the weighted value of GB purchased in own name and account by the primary dealer and the total amount of the weighted value allocated by the Ministry of Finance, related to GB issues, issued on the primary market;

b) if no primary dealer receives a higher percentage or equal to 10%, the first ranked receives 20 points, while the rest of primary dealers – between 0 and 20 points, rounded with two digits after the comma, related to the performance of the most ranked primary dealer;

c) if one or more primary dealers receive a higher percentage or equal to 10%, the rest who exceed 10%, shall receive 20 points; the other primary dealers shall receive between 0 to 20 points, rounded with two digits after comma, related to the value which corresponds to 10% of the total weighted value allocated;

d) the primary dealers who receive a percentage lower than the minimal imposed value, according to paragraph 21, sub-paragraph 4) of the Regulation, shall not receive any points;

- 2) **share in the total amount of allocated SS for short term – 15 points:**

a) shall be calculated as the ratio between the weighted value of TB purchased in the own name and account by the primary dealer and the total weighted value allocated by the Ministry of Finance, related to TB issued on the primary market;

b) if no primary dealer receives a higher percentage or equal to 10%, the first ranked receives 15 points, while the rest of primary dealers – between 0 and 15 points, rounded with two digits after the comma, related to the performance of the best ranked primary dealer;

c) if one or more primary dealers receive a higher percentage or equal to 10%, the rest who exceed 10%, shall receive 15 points; the other primary dealers shall receive between 0 to 15 points, rounded with two digits after comma, related to the value which corresponds to 10% of the total weighted value allocated;

d) the primary dealers who receive a percentage lower than the minimal imposed value, according to paragraph 21, sub-paragraph 4) of the Regulation, shall not receive any points;

**3) acceptance rate of competitive bids – 5 points;**

a) shall be calculated as the average sum - for the assessed period – of acceptance rates registered at each SS auction organized in the respective period;

b) the acceptance rates registered at each SS auction represent the ratio between the nominal value purchased in own name and account related to the competitive purchase bids and the total competitive purchase bids subscribed in own name and account, within the issue;

c) the primary dealer who register the highest acceptance rate of placed competitive bids shall receive 5 points; the rest of primary dealers shall receive between 0 to 5 points, rounded with two digits after comma, related to the performance of the best ranked primary dealer;

**4) regularity of purchasing at a minimum value of 3% for SS issues – 5 points:**

a) all SS issues placed by the Ministry of Finance on the primary market in the assessed period shall be considered, where the primary dealer purchased in its own name and account a minimum 3% of the total allocated amount of the Ministry of Finance related to the respective SS issue;

b) the maximum score is obtained by the primary dealer who purchased in its own name a minimum 3% of the total amount allocated by the Ministry of Finance for all SS issues conducted in the assessed period; otherwise, the primary dealers shall be assessed relatively, by referring the number of issues which met the aforementioned criterion to the total number of SS issues made in the assessed period.

(Paragraph 5 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**6.** The assessment of the activity developed by primary dealers on the secondary market shall be made according to the following indicators:

**1) total share of SS transactions performed on the secondary market – 40 points:**

a) shall be calculated as the ratio between the weighted settlement value of the sale and purchase SS transactions performed in own name and account on the secondary market and the total weighted settlement value of the sale and purchase SS transactions on the secondary market in the assessed period;

b) the calculations shall be made separately for each type of SS by considering the total volume of trading for each type, as follows:

| Type of SS       | Score |
|------------------|-------|
| Treasury bonds   | 15    |
| Government bonds | 25    |

c) for the purpose of determining the indicator for a certain period, the reference date will be considered the date of transaction settlement;

d) the weighting coefficients are provided in paragraph 3 of the present Annex;

e) the primary dealer with the highest score for a certain type of SS shall receive the maximum score related to the respective type, while the rest of primary dealers shall be scored depending on the percentage obtained by the most efficient dealer, for each type separately;

f) the primary dealers with a percentage lower than the minimum value set, in accordance with paragraph 21 sub-paragraph 5) of the Regulation, shall not receive any points.

(Paragraph 6 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**7.** The assessment of qualitative aspects for the activity developed by primary dealers shall be performed individually for each dealer and based on the following criteria:

**1) activity developed on the primary and secondary market – 10 points;**

a) the contribution to the safe development of operations on the primary and secondary market, as well as the correlation of opinions with the modality to act within the developed operations;

b) compliance with the regulations on primary and secondary market of SS;

c) observance of quotation obligations on the secondary market;

**2) SS marketing and distribution activity – 5 points:**

a) the efforts made to enlarge and diversify the database of clients, in particular, non-resident ones, who invest in SS;

b) participation in joint actions with the Ministry of Finance in the promotion of SS (seminars, conferences, round tables, etc.).

c) informing the potential investors about the SS market, including by displaying at the headquarters of banks and their branches where clients have access, of notifications on SS auctions and the results of auctions, as well as other information related to the primary and/or secondary market of SS.

(Paragraph 7 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**8.** The primary dealers shall be assessed annually by 31 January for the previous calendar year, with the aim of verifying the fulfilment of duties provided in the present Regulation.

**9.** The annual assessment shall be performed in compliance with the same methodology applied for the quarterly assessment, but using the procurements of the primary market and the transactions of the secondary market conducted during the whole year, and not by cumulating the points obtained by the primary dealers in each quarter.

**10.** The annual ranking of primary dealers shall be published on the official website of the Ministry of Finance.

(Paragraph 10 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)

**11.** The annual ranking of primary dealers which is made according to their performances is the criterion which prolongs the validity of the primary dealer status.

**12.** The Ministry of Finance may decide on the resolution of the validity of primary dealer status for the dealers which are positioned on the last two places of the ranking.

**13.** Based on the criteria of selection of banks as primary dealers and of performance assessment, the Ministry of Finance shall establish and modify the list of primary dealers, which is published on the official website of the Ministry of Finance and the National Bank.

(Annex No. 9 amended by DEB of the NBM No.190 of 23.09.2021 and the Order of the minister of finance No.117 of 24.09.2021, in force as of 19.02.2022)