

Annexes to the Primary Dealer Agreement for Norwegian Treasury bills

Annex A: Further provisions regarding bidding at auctions and quoting prices in the Interdealer Market

Version 1 January 2021

Clause 1 General provisions

- (1) The Auction System is the Bloomberg Auction System.
- (2) The Trading Venue is the Bloomberg E-Bond System.
- (3) The Announcement System is Oslo Børs' NewsWeb www.newsweb.no and Norges Bank's website www.debtnorway.no

Clause 2 Provisions regarding bidding at auctions

- (1) Treasury bills are issued in the manner described in "Sale of Treasury bills and government bonds".
- (2) Tenders shall be submitted in the Auction System.
- (3) Tenders submitted are binding on the PD from the time that Norges Bank has announced as the deadline for submitting bids. This means that the PD:
 - a) is bound by the tenders submitted, regardless of the party in the PD's organisation that has submitted the tenders.
 - b) may not withdraw or change tenders once the deadline for submitting tenders has expired.
 - c) Is obliged to accept the volume allotted, even if this is less than the tenders.
- (4) The PD is responsible for checking that tenders submitted are correct. Norges Bank is under no obligation to assist the PD in correcting erroneous tenders.

Clause 3 Provisions regarding quoting prices in the Interdealer Market

- (1) The PD shall quote firm bid and offer prices on the Trading Venue. The obligation to quote prices shall apply on a continuous basis in the time period 9:00 am - 4:00 pm (CET/CEST) on all banking days. A banking day is a day when both the VPS settlement system and banks are open in Oslo. On the Wednesday before Easter, the PD shall quote prices in the time period 9:00 am - 1:00 pm (CET/CEST). The PD is not obliged to quote prices on New Year's Eve.
- (2) For new Treasury bills, the PD shall quote firm bid and offer prices as from one banking day prior to the settlement date.
- (3) The spreads between the bid and offer prices shall not exceed 10 effective interest rate basis points.
- (4) The minimum size of visible orders placed in accordance with the first paragraph is NOK 75 million.
- (5) After a trade has been executed, a new quotation (price and volume) shall be submitted within three minutes.
- (6) Norwegian Treasury bills are quoted at a price to four decimal places.

(7) Conversion from price to interest rate follows the formula:

$$R = \left(\left(\left(\frac{100}{K} \right)^{\left(\frac{365}{d} \right)} - 1 \right) \times 100 \right)$$

where

R = effective interest rate

K = price of the bill

d = number of calendar days to maturity

(8) Prior to any piece of news with the potential to influence interest rates, when the point in time of any such announcement is already known, the PD may quote a price spread of up to three times the interest rate spreads specified in the third paragraph from five minutes before until 15 minutes after the announcement. The quotation may not be rescinded.

(9) In the event of turbulent market conditions, the PD may set a price spread of up to three times the interest rate spreads in the third paragraph the same day and on the following trading day. The PD shall notify Norges Bank of this immediately and provide justification for its decision. The quotation may not be rescinded.

(10) In special cases and for a limited period of time, Norges Bank may determine other maximum interest rate spreads and/or minimum volumes. The decision shall be submitted to the primary dealers in advance. The decision shall be made public over the Announcement System.

Annex B: Terms and conditions for repurchase agreements

Version 1 January 2021

Clause 1 General requirements

- (1) The PD and Norges Bank may enter into agreements to buy and sell back bills from the government's own stock.
- (2) The purpose of the repurchase arrangement is to ensure that the PD is able to deliver bills in the Secondary Market. The arrangement shall not entail an active liquidity position for the PD.
- (3) The PD must enter into a Master Agreement relating to repurchase agreements with Norges Bank.
- (4) Repurchase agreements may only be entered into on days when the PD is obliged to quote prices on the Trading Venue.
- (5) Repurchase agreements shall be entered into by notification via Bloomberg VCON.

Clause 2 Amount limits

- (1) The PD may enter into repurchase agreements for up to NOK 4 billion for each Treasury bills series covered by this Agreement. The arrangement is to two-step system with different interest rates for each step:
 - The limit for step 1 is NOK 2 billion
 - The limit for step 2 is an additional NOK 2 billion
- (2) Neither the government nor Norges Bank is liable if, owing to a breach by other primary dealers, there are insufficient bills available from the government's own stock.

Clause 3 Requirements for the individual repurchase agreement

In addition to the provisions of the Master Agreement relating to repurchase agreements, the individual repurchase agreement is subject to the following conditions:

- a) The PD buys bills through Norges Bank, with agreed settlement one or two banking days later (the "Spot transaction"). At the same time, a repurchase of the bills shall be agreed, with settlement no later than five banking days after the first settlement.
- b) The price for the Spot transaction shall be a market price in the Interdealer Market. The PD shall recommend a Spot price for Norges Bank's approval.
- c) The interest rate included in the calculation of the repurchase price for repurchase agreements within step 1 is 10 basis points lower than Norges Bank's key policy rate. From the point in time a new key policy rate is announced, a new interest rate shall immediately be used in the calculation.
- d) The interest rate included in the calculation of the repurchase price for repurchase agreements within step 2 is 100 basis points lower than Norges Bank's key policy rate. From the point in time a new key policy rate is announced, a new interest rate shall immediately be used in the calculation.
- e) The PD is responsible for using the correct interest rate for calculating the repurchase price for repurchase agreements. The PD is solely responsible for the apportioning of repurchase agreements between step 1 and step 2, respectively. Any repurchase agreement that during the term of the repurchase agreement entails that the PD exceeds the limit for step 1 and is submitted with an interest rate pertaining to step 1 will be rejected by Norges Bank.

Repurchase agreements notified at an interest rate pertaining to step 2 will be accepted by Norges Bank even if the PD has not fully utilised step 1.

- f) The repurchase price shall be calculated to six decimal places.
- g) The settlement amount for the Spot transaction shall be deposited in a special account in Norges Bank.
- h) The minimum amount of a repurchase agreement is NOK 10 million.
- i) The individual repurchase agreement may not be in an amount greater than NOK 1 billion.
- j) Norges Bank will not accept a partial return of bills.
- k) The PD must notify repurchase agreements to Norges Bank by no later than 3:00 pm on the day prior to the settlement date. On the Wednesday before Maundy Thursday, repurchase agreements shall be notified no later than 12:00 noon.
- l) The repurchase agreement shall be confirmed by Norges Bank.

Annex C: Further provisions regarding evaluation of primary dealers and remuneration

Version 1 January 2021

Clause 1 Evaluation of PDs

(1) Norges Bank's system for evaluating PDs utilises the following criteria:

- activity in the Primary Market
- activity in the Secondary Market
- compliance with the rules for quoting prices on the Trading Venue
- providing advice to Norges Bank and contributions to investor relations

(2) The PD will receive evaluation reports twice a year.

Clause 2 Remuneration

(1) At the beginning of the year, Norges Bank will inform PDs of the limit for remuneration for PDs.

(2) Calculation of remuneration is based on the period during the calendar year in which the PD has performed its duties under the Agreement. Norges Bank's system for evaluating PDs will be used to calculate the individual PD's remuneration.

(3) Remuneration is based on efforts in the Primary Market, activity in the Secondary Market, fulfilment of requirements for price quoting and general advising activities.

(4) Remuneration will be paid to the PD only if it is a primary dealer at year-end.

(5) Payment of remuneration is discussed in the Government Debt Management Annual Report and Norges Bank's Annual Report.

Annex D: List of authorisations, contacts etc. Organisational chart

Version 1 January 2021

(1) The PD shall provide a complete list of persons in the PD's organisation who are authorised to submit tenders at auctions and enter into repurchase agreements and their email addresses and telephone numbers.

(2) Norges Bank must be notified immediately in writing of any changes by e-mail to debtmanagement@norges-bank.no.

(3) The change becomes effective from the date Norges Bank has confirmed the change in writing.

Persons in the PD's organisation authorised to submit tenders at auctions:

Name	Title	E-mail address	Telephone
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Persons in the PD's organisation authorised to enter into repurchase agreements:

Name	Title	E-mail address	Telephone
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Organisational chart

PD shall submit an organisational chart or similar overview showing the organisation of primary dealer activities, including the sale of Treasury bills and brokering activities. The chart shall make clear who is authorised to make decisions with direct influence on the entity's role as PD. Norges Bank must be notified immediately of any changes during the term of the Agreement.

General queries to the PD (corporate entity):

Name of responsible officer in the PD's organisation:
(block letters)

Telephone:

E-mail:

General queries to Norges Bank:

Norges Bank

P.O. Box 1179 Sentrum
N-0107 Oslo

Telephone: + 47 22 31 71 40

E-post: debtmanagement@norges-bank.no

ANNEX E: RESTRICTIONS ON SALES REGARDING THE US

The following restrictions apply regarding marketing and sales in the US. Since the restrictions relate to provisions of US law, this Annex has been drafted in English.

Definitions and interpretation

Unless the context otherwise requires or unless otherwise defined herein, a term defined in the Agreement shall have the same meaning when used in this Annex.

"Affiliate" has the meaning ascribed to it in Rule 405 under the Securities Act.

"Exchange Act" the United States Securities Exchange Act of 1934, as amended.

"Issuance" Treasury Bills which are issued or subsequently reopened, under terms of which are identical in all respects.

"Issuer" the Kingdom of Norway, represented by Norges Bank.

"General Terms and Conditions" the general terms and conditions on Norwegian treasury bills, as amended from time to time, and publically available on www.debtnorway.no.

"Treasury Bills" Norwegian treasury bills (*No: Statskasseveksler*) issued in Norwegian kroner (NOK) with a term (time to maturity) of up to one year at their first issue date, denominated in units of NOK 1000 and with a zero-coupon (as described in Section 1 of the General Terms and Conditions).

"QIB" qualified institutional buyer, within the meaning of Rule 144A.

"Regulation S" Regulation S under the Securities Act.

"Rule 144A" Rule 144A under the Securities Act.

"Relevant Agreement" an agreement between the Issuer and the Primary Dealer for the sale by the Issuer and the purchase as principal by the Primary Dealer, for its own account or for resale to clients, of any Treasury Bills, whether in the form of a sale of Treasury Bills to the Primary Dealer or an exchange of Treasury Bills by the Primary Dealer with the Issuer for other Treasury Bills.

"Securities Act" the United States Securities Act of 1933, as amended.

1. The following representations, warranties, agreements and undertakings are made by the Issuer on the date hereof and shall be deemed to be repeated, in respect of each Issuance of Treasury bills to be purchased by the Primary Dealer, on the date on which the Relevant Agreement is made, on the issue date of such Treasury bills and on each intervening date, in each case, with reference to the facts and circumstances then subsisting:
 - (a) The Issuer is a foreign government (as defined in Rule 405 under the Securities Act) eligible to register securities under Schedule B of the Securities Act and the Treasury bills are backed by the full faith and credit of a foreign government (within the meaning of Regulation S).
 - (b) Neither the Issuer, nor any of its Affiliates, nor any person acting on its or their behalf (other than the Primary Dealers, as to whom no representation or warranty is made) has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) of Regulation S) in connection with the offer or sale of the Treasury bills.
 - (c) Neither the Issuer, nor any of its Affiliates, nor any person acting on its or their behalf (other than the Primary Dealers, as to whom no representation or warranty is made), directly or indirectly, (a) has made or will make offers or sales of any security, (b) has solicited or will solicit offers to buy any security or (c) otherwise has negotiated or will negotiate in respect of any security (as defined in the Securities Act), in any case, under

circumstances that would require the registration of the Treasury bills under the Securities Act.

- (d) Neither the Issuer, nor any of its Affiliates, nor any person acting on its or their behalf (other than the Primary Dealers, as to whom no representation or warranty is made) has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the Treasury bills in the United States.
- (e) The Treasury bills are eligible for resale pursuant to Rule 144A and will not be, at the date of issuance of the Treasury bills, of the same class (within the meaning of Rule 144A(d)(3)) as securities listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

2. The Primary Dealer acknowledges, agrees, represents, warrants and undertakes as follows:

- (a) The Treasury bills have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- (b) Neither the Primary Dealer, nor any of its Affiliates, nor any person acting on its or their behalf has offered or sold, or will offer or sell, any Treasury bills constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S or Rule 144A. The Primary Dealer may directly or through its Affiliates resell Treasury bills in the United States to QIBs pursuant to Rule 144A and in accordance with the provisions of this Agreement, provided that each such person to whom Treasury bills are offered or sold is, or the Primary Dealer reasonably believes each such person to be, a QIB purchasing for its own account or for the account of one or more QIBs, and provided further that the aggregate principal amount of Treasury bills sold by such Primary Dealer to each QIB is not less than the equivalent (based on then current exchange rates) of U.S.\$100,000. In connection with any resale pursuant to Rule 144A, the Primary Dealer and any person acting on its behalf will take reasonable steps to ensure that the purchaser is aware that the seller may rely on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. In addition, the Affiliate through which the Primary Dealer resells the Treasury bills in the United States shall be a U.S. broker-dealer that is registered as such under the Exchange Act.
- (c) Neither the Primary Dealer, nor any of its Affiliates, nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) of Regulation S) in connection with the offer or sale of the Treasury bills.
- (d) Neither the Primary Dealer, nor any of its Affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the Treasury bills in the United States.
- (e) The Primary Dealer has not entered and will not enter into any contractual arrangement with any distributor (as defined in Regulation S) with respect to the distribution of the Treasury bills, except with its Affiliates or with the prior written consent of the Issuer.