



Primary Dealer Agreement for Norwegian Treasury bills for calendar year 2018

Norges Bank

and

(Primary Dealer)

with organisation number _____,

hereinafter referred to as the PD, have entered into a Primary Dealer Agreement for Norwegian Treasury Bills (hereinafter “the Agreement”).

Clause 1 What the Agreement pertains to

The Agreement regulates the obligations and rights of a primary dealer in Norwegian Treasury bills.

The following bills are covered by the Agreement:

1. All Treasury bills quoted on Oslo Børs (Oslo Stock Exchange)
2. New Treasury bills issued during the term of the Agreement

The issuance and reopening of Treasury bills are regulated further by the following terms and conditions (the "Regulations") (see www.debt norway.no):

- Norwegian Treasury bills – General terms and conditions
- Sale of government securities
- Invitations to tender

The Regulations as they exist at any time and the Master Agreement relating to repurchase agreements (see Clause 5) constitute an integral part of this Agreement.

Only primary dealers have the right to bid at auctions for the issuance or reopening of Treasury bills covered by the Agreement.

Clause 2 The PD's primary obligations

The PD is obliged to bid at auctions for the issuance or reopening of the bills covered by the Agreement, either on his own behalf or for the account of clients. The PD shall actively contribute to Treasury bill trading in the primary market.

The PD shall actively promote a well-functioning secondary market and contribute to creating liquidity in trading and to enlarging the investor base for Treasury bills.

The PD shall quote prices as specified in Clause 3.

The PD shall report all transactions in Treasury bills to Norges Bank on a form specified by Norges Bank.

Immediately after each auction, the PD shall report the allotment results to Norges Bank on a form specified by Norges Bank.

The PD shall monthly report monthly turnover in the secondary market for Treasury bills on a form specified by Norges Bank.

The PD shall analyse the market for government securities and on an ongoing basis inform Norges Bank of market conditions and recommend measures that may improve market liquidity.

The PD shall promote interest in government bonds through analyses, publications or other products aimed at potential buyers of Treasury bills.

Clause 3 Prices and quoting

The PD shall quote firm bid and offer prices on the Oslo Børs' ordinary sub-market with automatic order matching. The obligation to quote prices applies during all opening hours of the Oslo Børs' sub-market.

For new bill issues, the PD shall quote firm bid and offer prices as from the settlement date.

The spreads between the bid and offer prices shall not exceed 10 effective interest rate basis points.

The minimum size of visible orders placed in accordance with the first paragraph is NOK 75m.

After automatic matching, a new quotation (price and volume) shall be submitted within 3 minutes.

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 5 minutes before until 15 minutes after the announcement. The quotation may not be rescinded.

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 for a maximum of 24 hours. The PD shall notify Norges Bank of this immediately and provide justification for its decision. The quotation may not be rescinded.

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 Oslo Børs announcement system.

Clause 4 List of primary dealers

Norges Bank shall prepare and maintain a list of primary dealers. The list shall be sent to Oslo Børs and Finanstilsynet (Financial Supervisory Authority of Norway). Primary dealers on this list have the right to use the designation "Appointed Primary Dealer in Norwegian Treasury Bills".

Clause 5 Repurchase agreements – the government's own stock of government securities

To ensure that the PD is able to deliver bills to customers (cf Clause 2 and Clause 3 of this Agreement), the PD and Norges Bank may enter into agreements to buy and sell back bills from the government's own stock. The arrangement shall not entail an active liquidity position for the PD.

The government's own stock shall be made available for such agreements. The PD may enter into repurchase agreements for up to NOK 2bn of each Treasury bill covered by this Agreement.

The repurchase agreements are entered into and executed pursuant to a signed *Master Agreement relating to repurchase agreements* between the parties (see www.debtnorway.no). In addition, the individual repurchase agreement is subject to the following conditions:

- a) The PD shall buy bills through Norges Bank, with agreed settlement one or two trading days later (the "Spot transaction"). At the same time, a repurchase of the bills shall be agreed, with settlement no later than five days after the first settlement.
- b) The price for the Spot transaction shall be a market price. The PD shall recommend a spot price for Norges Bank's approval.
- c) The interest rate included in the calculation of the repurchase price is 5 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 repurchase price shall be calculated to six decimal places.
- e) The settlement amount for the Spot transaction shall be deposited in a special account in Norges Bank.

- f) The minimum amount of a repurchase agreement is NOK 10m.
- g) The individual repurchase agreement may not be in an amount greater than NOK 1bn.
- h) Norges Bank will not accept a partial return of bills.
- i) The PD must report repurchase agreements to Norges Bank by no later than 3:00 pm on the day prior to the settlement date.
- j) The repurchase agreement shall be registered by the PD on Oslo Børs and confirmed by Norges Bank.

Neither the government nor Norges Bank shall be liable, for example if owing to a breach by other primary dealers, there are insufficient bills available from the government's own stock.

Clause 6 Evaluation of the PD

Norges Bank will on an ongoing basis evaluate the PD's fulfilment of the obligations stated in Clauses 2 and 3.

Norges Bank's system for evaluating primary dealers utilises the following criteria:

- activity in the primary market
- activity in the secondary market
- compliance with the price quoting rules
- providing advice to Norges Bank and contributions to investor relations

The PD will receive evaluation reports twice a year.

Clause 7 Remuneration for primary dealers

The PD in Treasury bills receives a performance-based remuneration based on efforts in the primary market, activity in the secondary market, fulfilment of requirements for price quoting and general advising activities. Calculation of performance-based 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 primary dealers will be used to calculate the individual PD's remuneration.

In addition, a PD that has been a primary dealer in both Treasury bills and government bonds and has performed its duties for an entire calendar year will receive a basic remuneration.

Remuneration will be paid only to a PD that is a primary dealer at year-end. If the Agreement is terminated during the year, the basic remuneration is forfeited, along with performance-based remuneration.

The sum of total remuneration for primary dealers in Norwegian government debt instruments for 2018 is limited to NOK 10m.

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

Clause 8 Duty of disclosure. Norges Bank's right to obtain and exchange information

The PD shall immediately inform Norges Bank of circumstances that may have a bearing on its primary dealer activities or the PD's fulfilment of this Agreement, eg changes in the PD's organisation and financial position, operating arrangements or the company's management or other personnel. Under Section 12 of the Norges Bank Act, a duty of confidentiality pertains to disclosures regarding business affairs.

The PD gives its consent to allowing Norges Bank and Oslo Børs, notwithstanding the statutory duty of non-disclosure, to exchange information that may be relevant to the PD's engagement in primary dealer activities.

Clause 9 Exemptions from prospectus rules – limitations on sales

Auctions of Treasury bills and quotation of Treasury bills on Oslo Børs are exempted from the prospectus requirements under Sections 7-4 (1) no. 1 and 7-5 no. 2 of Act No. 75 of 29 June 2007 relating to securities trading (Securities Trading Act) and corresponding national rules in the EEA implementing Directive 2003/71/EC with subsequent amendments (the "Prospectus Directive").

Treasury bills may not be subscribed for or purchased for the account of persons residing or registered in jurisdictions where such a purchase is unlawful or be resold to persons residing or registered in jurisdictions where such resale is unlawful.

The PD shall ensure that resale of Treasury bills takes place in accordance with the legislation in force at any time in affected jurisdictions. With regard to the US, Appendix 1 (*Restrictions on sales regarding the US*) applies.

Appendix 1 constitutes an integral part of this Agreement. If Appendix 1 contains information that conflicts with this contract document, this contract document shall have priority.

Clause 10 Compliance with laws and regulations

The PD is obliged to comply with all relevant rules (including laws, regulations, statutes or other limitations) relating to restrictions on sales, money laundering, taxation and capital markets in general.

The PD is obliged to show good conduct when entering into trades to ensure correct registration in VPS (Central Securities Depository of Norway) and timely settlement in the securities settlement system (VPO). The PD shall likewise show good conduct when entering into repurchase agreements under Clause 5 of this Agreement.

Clause 11 Duration

The Agreement expires without notice on 31 December 2018. During the term of the Agreement, either of the parties may terminate the Agreement with 30 calendar days' written notice. Termination of the Agreement shall be announced by Norges Bank over the Oslo Børs announcement system without undue delay.

Norges Bank may enter primary dealer agreements similar to this Agreement with new institutions at any time during the term of the Agreement.

Clause 12 Choice of law and venue

The Agreement is subject to Norwegian law. The venue is Oslo District Court.

Clause 13 Authorisations. Contacts

A complete list of persons in the PD's organisation who are authorised to enter into repurchase agreements and submit bids at auctions, their email addresses and telephone numbers shall be annexed to this Agreement. Norges Bank must be notified immediately of any changes during the term of the Agreement.

An organisational chart or similar overview showing the organisation of primary dealer activities, including the sale of Treasury bills and brokering activities is annexed to this Agreement. 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.

If Norges Bank does not expressly decide otherwise, all enquiries regarding the Agreement shall be made to the Market Operations and Analysis Unit, telephone +47 22 31 71 40 or email: debtmanagement@norges-bank.no.

The Agreement has been prepared in two copies. One copy is to be retained by each party.

Name of PD (corporate entity):

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

Telephone:

Email:

Place and date:

Signature

Signature

Norges Bank
P.O. Box 1179 Sentrum
N-0107 Oslo
Telephone: + 47 22 31 71 40
Email: debtmanagement@norges-bank.no
Place and date:

Signature

Signature

APPENDIX 1 RESTRICTIONS ON SALES REGARDING THE US

The following restrictions apply regarding marketing and sales in in the US.

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 Appendix.

"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.

"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.

"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).

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