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Item 1089

Ordinance

of the Minister of Finance

of 30 August 2013

**on the Conditions of Issuing Treasury Bonds Offered through Wholesale Sales**

**(WORKING TRANSLATION)**

Pursuant to Art. 97.1 of the Act on Public Finance of 27 August 2009 (Journal of Laws of 2013, item 885 and 938) it is hereby ordered as follows:

Chapter 1

**General Provisions**

§1. The Ordinance sets out the terms and conditions of issuing Treasury bonds offered through wholesale, hereinafter referred to as "bonds", in particular:

- 1) the face value of single bond;
- 2) the currency in which a bond issue may be denominated;
- 3) the principles and procedure for selling the bonds, including the date or manner of establishing the selling price of the bonds issued on the primary market;
- 4) the entities to which the bonds of a specific issue are offered for purchase on the primary market;
- 5) the restrictions on bonds trading on the primary and secondary markets;
- 6) the manner of executing payments of benefits arising from the bonds.

§ 2. Whenever the Ordinance refers to:

- 1) issue agent - it is to be understood as the entity responsible for organising bond auctions;
- 2) electronic auction system - it is to be understood as a computerised system maintained by the issue agent, designed to support bond auctions;
- 3) National Depository - it is to be understood as National Depository for Securities S.A. (Krajowy Depozyt Papierów Wartościowych S.A.);
- 4) announcement - it is to be understood as information on bonds offered at auctions, published by the Minister of Finance under the Ordinance;
- 5) letter of issue - it is to be understood as the letter of issue, published by the Minister of Finance under Article 98 of the Act on Public Finance of 27 August 2009, containing detailed terms and conditions of issuing bonds;
- 6) accrued interest - it is to be understood as the value of interest constituting incidental dues for a single bond, estimated on the date of making the calculation;
- 7) indexation coefficients - it is to be understood as the value, based on which the face value of index-linked bonds is subject to indexation calculated on the date of making the calculation, in a manner

specified in the letter of issue; in the case of bonds whose face value is not index-linked, this coefficient in each case is 1 (one);

- 8) clean price - it is to be understood as price for face value of single bond with given maturity, expressed with a precision of two decimal points;
- 9) minimum selling price - it is to be understood as clean price, determined by the Minister of Finance for given sale auction, constituting the lowest accepted clean price of bond with given maturity;
- 10) minimum switching price - it is to be understood as clean price, determined by the Minister of Finance, constituting the lowest accepted clean price of the bond offered for sale, established on the basis of bids submitted by auction participants;
- 11) non-competitive bid - it is to be understood as the purchase, switching or sale bid of the bond with given maturity, which does not contain clean price;
- 12) record date - it is to be understood as the date on which entities entitled to receive, on the due day, payments for redemption of bonds or interests are determined, as well as amounts of these payments.

§ 3. 1. The bonds are purchased and repurchased at auctions, subject to section 2.

2. In order to manage State Treasury debt, the Minister of Finance may enter into agreements with the entities referred to in paragraph 6, section 1, granting them the right to purchase bonds or to provide bonds for repurchase outside the auction.

3. Information on enter into agreement, referred to in section 2, shall be made public by the Minister of Finance in the manner specified in paragraph 7.

§ 4. 1. The bonds are denominated in the Polish currency or in Euro.

2. The face value of single bond shall be 1000 (one thousand) units of currency referred to in section 1 or a multiple of this amount.

3. The bond currency, the face value of single bond and the total face value of the issued bonds shall be determined by the letter of issue.

4. The bonds may be issued, in particular, as:

- 1) zero-coupons bonds;
- 2) fixed rate bonds;
- 3) floating rate bonds;
- 4) inflation-linked bonds.

§ 5. 1. The bonds shall be securities in bearer form.

2. The bonds shall not be in the documentary format and shall be registered in the securities depository maintained by the National Depository.

§ 6. 1. The bonds may be acquired by natural persons, legal persons or non-corporate entities.

2. The bonds may be traded between the entities referred to in section 1, under the conditions specified in the provisions governing foreign exchange turnover, as well as trading of financial instruments, the public offering and the conditions for introducing financial instruments to the organised trading system and capital market supervision.

§ 7. The letters of issue and announcements are published on the Ministry of Finance Internet web site or in the other mass media with country-wide scope.

## Chapter 2

### **Auction participants**

§ 8. 1. Entities entitled to participation in auctions shall be as follows:

- 1) banks, credit or financial institutions as well as their branches within the meaning of the Act

- Banking Law of 29 August 1997 (Journal of Laws of 2012 item 1376, as amended<sup>1</sup>) with which the Minister of Finance concluded an agreement on acting as the Treasury Securities Dealer, granting them right to submit bids at bond auctions specified in the Ordinance.

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

2. Detailed conditions for participation of entities in auctions referred to in section 1 point 2, shall be specified in the agreement concluded with the Minister of Finance.

§ 9. Auction participants acquire bonds on their own behalf and for their own account. The obligation to pay the purchase price shall be imposed on the auction participant.

### Chapter 3

#### **Bond auctions**

§ 10. 1. Bond auctions shall be organised by the issue agent.

2. The issue agent shall act under an agreement with the Minister of Finance.

3. The Minister of Finance may, without stating the reason, cancel or revoke the auction prior to the acceptance of bids or announce additional auction.

§ 11. 1. The auction participants shall submit bids in electronic form, by means of electronic auction system, on the auction date, by the time specified in the information on auction.

2. In case of failure of electronic auction system the auction participants shall submit bids by means of distance communication (phone, fax) to the address indicated by the issue agent.

3. The auction participant may cancel the submitted bid before the deadline referred to in section 1.

§ 12. 1. The bond sale agreement shall be concluded on the auction date with the acceptance by the Minister of Finance of the bid submitted by the auction participant.

2. The auction participants shall receive from the issue agent, no later than on the second business day following the day on which the auction was held, the information confirming the acceptance or rejection of the bid by the Minister of Finance.

3. Fractional parts of bonds shall not be allocated.

§ 13. 1. The face value of the bid submitted by the auction participant shall not be lower than the value specified in the Information on auction.

2. Bond purchase bids submitted in the manner which does not comply with the condition set out in section 1, or incorrect in terms of accounting, as well as submitted after the deadline specified in the information on auction shall be rejected.

### Chapter 4

#### **Sale auction**

§ 14. The bonds shall be offered at auctions on dates specified in the letter of issue.

§ 15. There are following types of bond sale auctions:

- 1) multiple-price auction - where each successful sale auction participant is bound to pay

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<sup>1</sup> Amendments to the consolidated text of the mentioned Act are published in the Journal of Laws of 2012, item 1385 and 1529 and of 2013, item 777 and 1036.

the amount for purchased bonds resulting from the product of their number, clean price and the indexation coefficient, plus the value of the accrued interest, calculated in accordance with Annex 1 to the Ordinance.

- 2) uniform-price auction - where all successful sale auction participants are bound to pay the amount for purchased bonds resulting from the product of their number, a minimum selling price and the indexation coefficient, plus the value of the accrued interest, calculated in accordance with Annex 1 to the Ordinance.

§ 16. No later than on the auction date the Minister of Finance publishes information on the sale auction, containing in particular:

- 1) type of sale auction;
- 2) date of auction and time of the deadline for submitting bids;
- 3) date and time of auction settlement;
- 4) date of redemption and ISIN code of the bonds;
- 5) predicted face value of bonds offered at sale auction;
- 6) the minimum face value of the bid;
- 7) value of the accrued interests on the auction settlement date;
- 8) information on the permission of placing non-competitive bids;
- 9) predicted share of non-competitive bids in the total sale value at auction, If placing of non-competitive bids has been allowed.

§ 17. 1. The sale auction participants may submit non-competitive bids if placing of non-competitive bids has been allowed for the given sale auction.

2. At sale auction, auction participant may place one non-competitive bid.

3. By submitting the non-competitive bid the auction participant shall express its consent on the transaction:

- 1) in the case of multiple-price auctions - at a price resulting from the product of number of purchased bonds, weighted average clean price for accepted bids containing clean price and indexation coefficient, plus the value of the accrued interest, calculated in accordance with Annex 1 to the Ordinance.
- 2) in the case of uniform-price auction - at a price resulting from the product of number of purchased bonds, the minimum selling price and indexation coefficient, plus the value of the accrued interest, calculated in accordance with Annex 1 to the Ordinance.

4. The Minister of Finance has the right to reduce non-competitive bids after the deadline for submitting bids. In the case of reduction of non-competitive bids the Minister of Finance determines the face value of bonds sold in such a mode and provides reduction rate of non-competitive bids, with a precision of two decimal points.

5. The number of bonds in non-competitive bid to be reduced shall be rounded up to the nearest multiple of 1000 (one thousand), provided that the number of bonds specified in the bid is not exceeded.

6. In the case that only non-competitive bids have been submitted, the auction for bonds with given maturity shall be cancelled.

§ 18. The offer to purchase bonds at sale auction shall in particular contain:

- 1) address of the issue agent;
- 2) date of redemption and ISIN code of the bonds;
- 3) clean price of bonds being subject to the offer, unless the bid is the non-competitive bid.
- 4) number and face value of bonds being subject to the offer;
- 5) authorisation for the National Deposit to debit bank account in the National Bank of Poland, together with stating the number, the amount of a consideration fee in the situation referred to in paragraph 30 section 4-6;
- 6) number of deposit account or securities account, or general account in the National Depository,

on which the auction participant purchases the bonds.

§ 19. 1. After the deadline for submitting bids the Minister of Finance determines the minimum selling price for given sale auction.

2. Bond purchase bids:

- 1) with the price higher than the minimum selling price - may be accepted in whole;
- 2) with the price equal to the minimum selling price - may be accepted in whole or with a reduction of bids.

3. In the case of the bid reduction the Minister of Finance determines the face value of the sold bonds with given maturity and provides the reduction rate of bids in percentage, with precision to two decimal points.

4. The provision of paragraph 17 section 5 shall apply accordingly.

§ 20. 1. After the sale auction the Minister of Finance publishes information on the sale auction results, containing in particular, the following data:

- 1) type of the auction;
- 2) date of the auction;
- 3) date and time of the auction settlement;
- 4) date of redemption and ISIN code of the bonds;
- 5) face value of bonds offered for sale
- 6) face value of bids for which the purchase offer has been placed, detailing non-competitive bids, if their placing has been allowed;
- 7) face value of the accepted bids, detailing the non-competitive bids, if their placing has been allowed;
- 8) the minimum selling price and the corresponding yield, with a precision of three decimal points;
- 9) weighted average clean price established for accepted bids containing clean price and corresponding yield, with a precision of three decimal points;
- 10) the highest accepted clean price and corresponding yield, with a precision of three decimal points;
- 11) reduction rate of bids containing the minimum selling price with a precision of two decimal points, detailing non-competitive bids, if their placing has been allowed.

2. In the case of selling bonds at the uniform price auction the information referred to in section 1 shall not contain the data referred to in section 1 point 9 and 10;

## Chapter 5

### **Supplementary auction**

§ 21. 1. The Minister of Finance may offer bids at supplementary auction.

2. The supplementary auction may be organised no later than the day following the sale auction.

3. The face value of bonds offered at supplementary auction may not be higher than 20% of the face value of the bonds offered at the sale auction.

§ 22. At supplementary auction bonds with given maturity shall be sold:

- 1) at weighted average clean price, in the case where bonds were sold at the multiple-price auction;
- 2) at minimum selling price, in the case where bonds were sold at the uniform-price auction;

§ 23. The auction participants shall be entitled to purchase bonds at the supplementary auction.

§ 24. No later than on the supplementary auction date the Minister of Finance publishes information on the supplementary auction, containing in particular:

- 1) date of the auction and time of the deadline for submitting bids;

- 2) date and time of the auction settlement;
- 3) date of redemption and ISIN code of bonds;
- 4) the price referred to in paragraph 22;
- 5) face value of bonds offered for sale;
- 6) minimum face value of the bid placed by the supplementary auction participant;
- 7) value of the accrued interests on the auction settlement date;

§ 25. 1. The offer to purchase bonds at the supplementary auction shall contain in particular:

- 1) address of the issue agent;
- 2) date of redemption and ISIN code of the bonds;
- 3) number and face value of bonds being offered;
- 4) authorisation for the National Deposit to debit bank account in the National Bank of Poland, together with stating the number, the amount of a consideration fee in the situation referred to in paragraph 30 section 4-6;
- 5) number of deposit account or securities account, or general account in the National Depository, on which the auction participant acquires the bonds.

2. At the supplementary auction, each auction participant may place single bid.

3. The face value of the purchase bid submitted at the supplementary auction by one auction participant may not be higher than the value referred to in paragraph 24 item 5.

4. The provision of paragraph 17 section 5 shall apply accordingly.

§ 26. 1. The purchase of bonds at the supplementary auction by individual auction participants shall be in proportion to the value of bonds purchased by them at the sale auction.

2. Proportional share of the supplementary auction participants shall be calculated as a percentage share of auction participant in the total purchase value reached at the sale auction, after excluding purchases made by the auction participants who have resigned from participation at the supplementary auction.

3. If the value of the purchase bid submitted at the supplementary auction by the auction participant is lower than the value being the product of the proportionate share and the value referred to in paragraph 24 item 5, the bonds with the value equal to the difference between these amounts unallocated to this auction participant will be distributed proportionally among the remaining auction participants. In this case, the allocation of these bonds shall be made using the proportional share, calculated in analogy to section 2, after excluding purchases made by the auction participants resigning from the purchase of bonds of the total value they shall be entitled to.

4. If the total face value of the bids submitted in the supplementary auction is lower than the value referred to in paragraph 24, item 5, the bids of individual auction participants shall be executed in whole.

§ 27. The bids submitted by the auction participants who have not purchased bonds at the sale auction, shall be accepted by the Minister of Finance only after the acceptance of all bids submitted by the auction participants who have purchased bonds at the sale auction.

§ 28. After the supplementary auction the Minister of Finance publishes information on the supplementary auction results, containing in particular:

- 1) date of the auction;
- 2) date and time of the auction settlement;
- 3) date of redemption and the ISIN code of the bonds;
- 4) price referred to in paragraph 22;
- 5) face value of the bonds offered for sale;
- 6) face value of the bonds for which the sale bids has been received;
- 7) face value of the bonds for which the purchase bids have been accepted.

## Chapter 6

**Settlement of the sale auction and the supplementary auction**

§ 29. 1. Method of calculation of a purchase price of the bonds acquired at the sale auction is set out in Annex 1 to the Ordinance.

2. The auction participants whose purchase bids have been accepted, shall be bound to pay the purchase price on the sale auction settlement date by the time specified in accordance with paragraph 20, section 1, item 3.

3. The payment of the purchase price shall be paid through the National Depository and shall be performed using current accounts of banks maintained by the National Bank of Poland. Settlements of bond auctions shall be performed in the manner and on terms specified in an agreement between the Minister of Finance and the National Depository.

4. Debiting accounts referred to in section 3 used to perform settlements and to credit the account of the state budget shall be based on the order of the National Depository.

§ 30. 1. In the case of failure to pay the purchase price interests shall be accrued.

2. The interest rate for each day of late payment referred to in section 1 shall be calculated as the product of the lombard rate established by the National Bank of Poland and the unsettled amount of a single transaction, divided by 365. The single transaction shall be understood as the purchase of bonds by the auction participant who has submitted the bid for a specified number of bonds at a given clean price to one deposit account or securities account or collecting account, maintained by the National Depository.

3. Partial settlement of a single transaction may not be performed.

4. If the purchase price increased by the accrued interest in the amount referred to in section 2 is not paid by the fifth business day following the auction settlement date the latest, it shall be believed that the bonds acquisition has been abandoned and the auction participant shall be bound to pay a consideration fee.

5. The amount of the consideration fee referred to in section 4 shall be calculated as the product of the twice the lombard rate set out by the National Bank of Poland, the unsettled amount of a single transaction and  $5/365$ .

6. The consideration fee shall be taken from the account referred to in paragraph 25, section 1, item 4 on the business day following the day referred to in section 4.

§ 31. In the case of supplementary auction, the provisions of paragraphs 29 and 30 shall be applied accordingly.

## Chapter 7

**Switching auction**

§ 32. The Minister of Finance may offer bonds at auctions through sale in exchange for the bonds bought-back from the auction participants before their maturity date, by recognising the receivables arising from the bought-back in favour of the bondholders, against the price of the next issues of bonds acquired by them (switching auctions).

§ 33. There are following types of switching auctions:

- 1) multiple-price switching auction - where each successful sale auction participant shall acquire or sell bonds in the number determined using the formula referred to in item 3 of the Annex 2 to the Ordinance with the use of the price contained in the switching bid.
- 2) uniform -price switching auction - where each successful sale auction participant shall acquire bonds in the number determined using the formula referred to in item 3 of the Annex 2 to the Ordinance, with the use of the minimum switching price.

§ 34. No later than on the switching auction date the Minister of Finance publishes information on the switching auction, containing in particular:

- 1) type of the switching auction;
- 2) date of the auction and the time of the deadline for submitting bids;

- 3) date and time of the auction settlement;
- 4) date of redemption and ISIN code of the bought-back bonds;
- 5) date of redemption and ISIN code of the settlement (sold) bonds;
- 6) value of the accrued interests on the auction settlement day for the bonds referred to in items 4 and 5;
- 7) list of bonds whose clean price the auction participant shall be bound to provide in the offer;
- 8) minimum face value of the bid;
- 9) information on the admissibility of non-competitive bids;
- 10) projected share of non-competitive bids in the total value of repurchase at the switching auction, if submission of non-competitive bids has been allowed.

§ 35. No later than on the switching auction date the Minister of Finance publishes information on the switching auction prices, containing in particular:

- 1) clean price of bought-back bonds or
- 2) clean price of settlement bonds.

§ 36. 1. The switching auction participant may submit non-competitive bids provided that submitting of non-competitive bids has been allowed for the switching auction.

2. At the switching auction, each auction participant may place one non-competitive bid.

3. By submitting the non-competitive bid the auction participant shall express the consent on:

- 1) in the case of the multiple-price switching auction - acquisition or sale of bonds at weighted average price for the accepted bids containing the clean price;
- 2) in the case of the uniform-price switching auction - acquisition of bonds at the minimum switching price.

4. The provisions of paragraph 17 section 4-6 shall apply accordingly.

§ 37. The offer on the switching auction shall contain in particular:

- 1) address of the issue agent;
- 2) date of redemption and ISIN code of the bought-back bonds;
- 3) date of redemption and ISIN code of the settlement bonds;
- 4) number and face value of bonds being subject to the offer;
- 5) clean price of:
  - a) the settlement bonds in the case referred to in paragraph 35, item 1, or
  - b) the bought-back bonds in the case referred to in paragraph 35, item 2 - unless the bid is the non-competitive bid;
- 6) authorisation for the National Deposit to debit bank account with the National Bank of Poland, together with stating the number, the amount of a consideration fee in the situation referred to in paragraph 39 section 7-9;
- 7) number of deposit account or securities account, or collective account in the National Depository, from which the auction participant sales or to which acquires bonds.

§ 38. Method of calculation of a price of the bought-back bond, a price of single bond offered for sale and a number of bonds acquired at the switching auction are set out in the Annex 1 to the Ordinance.

§ 39. 1. After the deadline for submitting bids the Minister of Finance determines for each switching auction the minimum clean price for bonds with given maturity.

2. The number of bonds granted in exchange for bought-back bonds shall be rounded to the nearest integer, up or down, on the general principles.

3. In the time of settlement, the switching auction participants whose bids have been accepted, shall be required to have the bonds which are the subject of the bid on the deposit account or the securities account, or collective account.

4. In the case of absence of adequate number of bonds on the switching auction settlement date, on the auction participant's deposit account or securities account or collective account, a contractual penalty shall be charged.

5. The amount of the contractual penalty for each day of late delivery of the bonds referred to in section 4 shall be calculated as the product of the lombard rate established by the National Bank of Poland, the number of bonds offered for repurchase under the unsettled switching transaction and the price specified in item 1 of the Annex 2 to the Ordinance, divided by 365.

6. Partial settlement of the switching transaction may not be performed.

7. If the auction participant does not deliver the adequate number of bonds and does not pay the contractual penalty by the fifth business day the latest, it shall be believed that the bonds sale has been abandoned and the auction participant shall be bound to pay the consideration fee.

8. The amount of the consideration fee referred to in section 7 shall be calculated as the product of the twice the lombard rate determined by the National Bank of Poland, the price specified in item 1 of the Annex 2 to the Ordinance, number of bonds offered for repurchase under the unsettled switching transaction and 5/365.

9. The consideration fee shall be taken from the account referred to in paragraph 37, item 6 on the business day following the day referred to in section 7.

§ 40. The bonds bought-back by the Minister of Finance at the switching auction are redeemed at the time of settlement, with the exception of bonds purchased by the Minister of Finance in order to manage the Treasury debt.

§ 41. 1. After the switching auction the Minister of Finance publishes information on the switching auction results, containing in particular:

- 1) type of the switching auction;
- 2) date of the auction;
- 3) date and time of the auction settlement;
- 4) date of redemption and ISIN code of the bought-back bonds;
- 5) date of redemption and ISIN code of the settlement bonds;
- 6) the price referred to in the paragraph 35;
- 7) face value of the bids for which the auction offer has been obtained, detailing non-competitive bids if their submission has been allowed;
- 8) face value of the accepted auction bids, detailing non-competitive bids if their submission has been allowed;
- 9) face value of the sold bonds;
- 10) the lowest accepted clean price of the accepted bids and corresponding yield;
- 11) the weighted average clean price of the accepted bids and corresponding yield;
- 12) the highest accepted clean price and the corresponding yield;
- 13) reduction rate of the non-competitive bids, if their submission has been allowed.
- 14) admissibility of a cash purchase referred to in paragraph 42 section 1;
- 15) date and the time by which the switching auction participants shall accept the cash purchase bids.

2. In the case of the uniform-price switching auction referred to in paragraph 33 item 2, the information shall not contain the data referred to in section 1 point 11 and 12;

§ 42. 1. The Minister of Finance may offer the acquisition of additional bonds to the auction participants who have acquired bonds at the switching auction, by way of cash purchase, in the number which is the difference between the sum of securities purchased by the auction participant at the switching auction and the nearest multiple of thousand.

2. The provision of paragraph 11 shall apply accordingly.

§ 43. Accepting the cash purchase bid the auction participant expresses its consent on the transaction:

- 1) in the case of multiple-price auctions - at a price resulting from the product of number of acquired bonds, and:
  - a) weighted average price for the accepted bond bids offered for sale containing the clean price, in the case referred to in paragraph 35, item 1
  - b) price of bonds offered for sale announced by the Minister of Finance in the case referred to in paragraph 35, item 2;
- 2) in the case of uniform-price auctions - at a price resulting from the product of number of purchased bonds and the minimum switching price.

2. The provisions of paragraph 29 section 2-4 and paragraph 30 shall apply accordingly.

§ 44. After the expiry of the deadline referred to in paragraph 41, section 1, item 15, the Minister of Finance publishes information on the number of bonds acquired through cash purchase.

## Chapter 8

### **Buy-back auction**

§ 45. 1. The Minister of Finance may buy-back bonds before their maturity date.

2. To the bond buy-back auction the paragraph 15 item 1 shall apply accordingly.

3. The bought-back bonds shall be redeemed upon payment for them, with the exception of bonds purchased by the Minister of Finance in order to manage the Treasury debt.

§ 46. No later than on the buy-back auction date the Minister of Finance shall publish information on the buy-back auction, containing in particular:

- 1) date of the auction and the time of the deadline for submitting bids;
- 2) date and time of the auction settlement;
- 3) date of redemption and the ISIN code of the bonds anticipated to repurchase;
- 4) face value of bonds anticipated to repurchase;
- 5) minimum face value of the bid;
- 6) value of the accrued interests on the auction settlement date;
- 7) information on the admissibility of non-competitive bids;
- 8) projected share of non-competitive bids in the total buy-back value at the auction, if submission of non-competitive bids has been allowed.

§ 47. The buy-back auction participant may submit non-competitive bids provided that submitting of non-competitive bids has been allowed for the buy-back auction. The provisions of paragraph 17 section 2-6 shall apply accordingly.

§ 48. 1. The offer at the buy-back auction shall in particular contain:

- 1) address of the issue agent;
- 2) date of redemption and the ISIN code of the bonds;
- 3) clean price of bonds being subject of the offer , unless the bond repurchase bid is the non-competitive bid;
- 4) number and face value of bonds being subject of the offer ;
- 5) authorisation for the National Deposit to debit bank account with the National Bank of Poland, together with stating the number, the amount of a consideration fee in the situation referred to in paragraph 39 section 7-9;
- 6) the number of deposit account or securities account, or collective account in the National Depository, from which the auction participants sells the bonds.

2. The provision of paragraph 13 shall apply accordingly.

§ 49. 1. After the deadline for submitting sale bids the Minister of Finance determines for each buy-back auction the highest accepted clean price for bonds with given maturity.

2. Bond sale bids:

- 1) with the price lower than the highest clean price - may be accepted in whole;
- 2) with the price equal to the highest clean price - may be accepted in whole or partially with a reduction of bids.

3. In the case of reduction of bids the Minister of Finance determines the bid reduction rate in percentage, with a precision of two decimal points;

4. The provision of paragraph 17 section 5 shall apply accordingly.

§ 50. After the buy-back auction the Minister of Finance publishes information on the buy-back auction results, containing in particular:

- 1) date of the auction;
- 2) date and time of the auction settlement;
- 3) date of redemption and ISIN code of bonds;
- 4) face value of bonds anticipated to repurchase ;
- 5) face value of bids for which the buy-back offer has been placed, detailing the non-competitive bids, if their submission has been allowed;
- 6) face value of the repurchased bids, detailing the non-competitive bids, if their submission has been allowed;
- 7) the lowest accepted clean price and the corresponding yield, with a precision of three decimal points;
- 8) weighted average clean price for the accepted bids containing clean price and the corresponding yield, with a precision of three decimal points;
- 9) the highest accepted clean price and the corresponding yield, with a precision of three decimal points;
- 10) reduction rate of bids with the highest clean price with a precision of two decimal points, detailing non-competitive bids, if their submission has been allowed.

§ 51. Method of calculating a bond repurchase price of the bonds sold at the buy-back auction are set out in Annex 3 to the Ordinance.

§ 52. In the case of the buy-back auction the provisions of paragraph 39 section 3-9 and paragraph 40 shall apply accordingly.

§ 53. 1. Payment of the repurchase price by the Minister of Finance shall be through the National Depository and shall be performed using current accounts of banks maintained by the National Bank of Poland. The settlements of the buy-back auction shall be in the manner and on terms specified in the agreement between the Minister of Finance and the National Depository.

2. Crediting of the accounts referred to in section 1 and debiting of the account of the state budget shall be through the National Depository.

## Chapter 9

### **Bond interest rate**

§ 54. 1. Bonds bear interest at the rate, of which the amount or method of calculation shall be determined in the letter of issue.

2. From the date of redemption the bonds shall not bear interest.

3. The list of interest periods, record dates and maturity dates shall be included in the letter of issue.

4. The accrued interests shall be calculated in accordance with the formula specified in Annex 4 to the Ordinance, if the letter of issue does not state otherwise. The value of the accrued interest is expressed to two decimal points.

§ 55. For bonds with a floating interest rate the Minister of Finance announces, through an announcement, the level of the interest rate and the value of due interest on single bond in subsequent interest periods.

§ 56. The interest rate –of bonds shall be calculated against the face value of bonds in the manner specified in Annex 4 to the Ordinance, in the interest periods specified in the letter of issue.

## Chapter 10

### **Early redemption of bonds**

§ 57. 1. The Minister of Finance reserves the right to call on the holders of the selected series of bonds with a specific maturity date to unconditionally submit the bonds for early redemption. In this case, bonds shall bear no interest from the day following the early redemption.

2. Redemption price may be lower than, equal to, or higher than the face value of bonds. The terms and conditions of early redemption, including the date of early redemption, shall be specified in the letter of issue.

3. The auction participants shall submit bonds for early redemption to the issue agent in their own name.

§ 58. 1. The Minister of Finance may grant a bondholder, in the letter of issue, the right to call unconditionally on the issuer to early redeem the bonds after a fixed period and at a specified price which may be lower than, equal to, or higher than the face value of bonds. In the case the bondholder uses the right referred to in the preceding sentence, the bonds are not subject to interest rate, as of the next maturity day due to early redemption, defined in the letter of issue.

2. Detailed conditions for early redemption, including the face value of bonds which may be redeemed earlier, or the manner of its determination shall be specified in the letter of issue.

3. The auction participants shall submit dispositions of early redemption to the issue agent in their own name.

4. If the total value of bonds submitted for early redemption exceeds the face value of the bonds referred to in the section 2, the Minister of Finance has the right to reduce orders corresponding to the instruction on early redemption of bonds. The reduction rate shall be announced in the relevant information.

## Chapter 11

### **Redemption of bonds**

§ 59. 1. Bonds shall be redeemed at their face value on the date specified in the letter of issue.

2. Redemption of bonds and payment of interest due shall be through the National Depository:

1) at the face value at the maturity:

- a) by payment from the state budget funds, using the accounts referred to in paragraph 53 section 1,
- b) by crediting the bondholders' claims against the purchase price of the next issues of bonds acquired by them; method of crediting shall be specified in the letter of issue.

2) at the face value, below the face value or above the face value, by payment, from the state budget funds, using the accounts referred to in paragraph 53 section 1, in the case of early redemption of bonds:

- a) by calling on the bondholders to unconditionally submit bonds for early redemption,
- b) by the bondholders' calling unconditionally on the issuer to submit bonds for early redemption.

3. In the case of index-linked bonds their redemption shall be at the face value of bonds corresponding to the initial face value taking into account the capital increase resulting from indexation or capitalization.

4. Claims under the bonds may be credited against the purchase price of the next issue of bonds, subject to section 5.

5. The Minister of Finance, at least one month before the date of the payment of interest on bonds or their redemption, announces a statement - containing a list of the next issues of bonds for which the buyer may make a payment in the manner specified in section 4.

§ 60. 1. The payment under the bonds shall be effected in relation to the holding of bonds on the record date.

2. The record date is determined in the letter of issue.

§ 61. If the date on which, pursuant to the Ordinance or the letter of issue, the obligation to perform an action arises falls on a statutory holiday or Saturday or other holiday, the time-limit of the performance of the action lapses on the first business day after that day.

§ 62. The Minister of Finance may submit a request to the National Depository to cover different bond issues with a common code (funge).

§ 63. The principles and procedure provided in this Ordinance shall apply to the sale, buy-back and switching of the bonds which shall be issued on the basis of the letters of issue, published before the date of entry into force of this Ordinance, subject to the provision that in relation to the bonds which will be offered at auctions, announced before the date of entry into force of this Ordinance, the provisions of the Ordinance referred to in paragraph 64 shall apply.

§ 64. The Ordinance of the Minister of Finance on the terms and conditions of issuing Treasury bonds offered in wholesale of 20 December 2010 (Journal of Laws No. 250, item 1680) shall be repealed.

§ 65. The Ordinance comes into force as at 1 October 2013.

Ministry of Finance: Pp J. Cichoń

Annexes to the Ordinance of the Minister of Finance  
of 30 August 2013 (item 1089)

Annex 1

METHOD OF CALCULATION OF A SELLING PRICE OF BIDS ACQUIRED AT SALE AUCTION

The purchase price of bonds acquired at the auction as a result of the acceptance of the  $i$ -th purchase bid by the Minister of Finance shall be calculated using the formula below:

$$P_i = (C_i * SI_d + O_d) * L_i$$

where the product of " $C_i * SI_d$ " shall be rounded to two decimal points,  
where:

$P_i$  - the purchase price of bonds acquired at the auction as a result of the acceptance of the  $i$ -th purchase bid by the Minister of Finance,

$C_i$  - the price which corresponds to:

- a) the clean price specified by the auction participant in the  $i$ -th bid,
- b) in the case of non-competitive bids - the weighted average clean price of accepted bids containing clean price
- c) in the case of each bid submitted at the uniform-price auction, the minimum selling price,

$SI_d$  - the indexation coefficient on the auction settlement date,

$O_d$  - the value of the accrued interests on the auction settlement date;

$L_i$  - the number of bonds in the  $i$ -th purchase bid, or the number of bonds after reduction of bids.

## Annex 2

METHOD OF CALCULATION OF A PRICE OF SINGLE REPURCHASED BOND, THE PRICE OF  
SINGLE BOND OFFERED FOR  
SALE AND NUMBER OF BONDS ACQUIRED AT SWITCHING AUCTION

1. The price of single repurchased bond for i-th bid shall be calculated using the formula below, rounding up to two decimal points:

$$C_{O_i} = C_{OC_i} * SI_{O,d} + O_{O,d}$$

where:

$C_{O_i}$  - the price of the repurchased bond for the i-th bid,

$C_{OC_i}$  - the price which corresponds to:

- a) in the case referred to in paragraph 35, item 1 of the Ordinance, the clean price of the repurchased bond, published by the Minister of Finance,
- b) in the case referred to in paragraph 35, item 2 of the Ordinance, the price declared by the auction participant in the i-th bid,
- c) in the case of non-competitive bids, the weighted average clean price of accepted bids containing the clean price,

$SI_{O,d}$  - the indexation coefficient for the repurchased bond on the auction settlement date,

$O_{O,d}$  - the value of the accrued interest for the repurchased bond on the auction settlement date,

2. The price of single bond offered for sale for i-th bid shall be calculated using the formula below, rounding up to two decimal points;

$$C_{Z_i} = C_{ZC_i} * SI_{Z,d} + O_{Z,d}$$

where:

$C_{Z_i}$  - the price of single bond offered for sale for the i-th bid,

$C_{ZC_i}$  - the price which corresponds to:

- a) in the case of each bid submitted at the uniform-price auction, the switching minimum price,
- b) in the case referred to in paragraph 35, item 1 of the Ordinance, at the multiple-price auction:
  - the clean price of single bond offered for sale, declared by the auction participant in the i-the bid,
  - in the case of non-competitive bids, the weighted average clean price of accepted bids containing the clean price,
- c) in the case referred to in paragraph 35, item 2 of the Ordinance, the price announce by the Ministry of Finance,

$SI_{Z,d}$  - the indexation coefficient for the bond offered for sale on the auction settlement date,

$O_{Z,d}$  - the value of the accrued interest for the bond offered for sale on the auction settlement date.

3. The number of bonds acquired by the switching auction participant as a result of the acceptance of the i-th bid by the Minister of Finance shall be calculated using the following formula, by rounding to the nearest integer:

$$L_{Zi} = (C_{Oi} / C_{Zi}) * L_{Oi}$$

where:

$L_{Zi}$  - the number of bonds acquired by the switching auction participant as a result of the acceptance of the i-th bid,

$L_{Oi}$  - the number of repurchased bonds of the i-th bid,

$C_{Oi}$  - the price of the repurchased bond for the i-th bid, calculated in accordance with item 1,

$C_{Zi}$  - the price of single bond offered for sale for the i-th bid, calculated in accordance with item 2

### Annex 3

#### METHOD OF CALCULATION OF A REPURCHASE PRICE OF BIDS SOLD AT BUY-BACK AUCTION

The repurchase price of bonds sold at the buy-back auction as a result of the acceptance of the i-th sale bid by the Minister of Finance shall be calculated using the following formula:

$$Z_i = (C_{Ci} * SI_d + O_d) * L_i$$

where the product of " $C_{Ci} \times SI_d$ " shall be rounded to two decimal points,

where:

$Z_i$  - the repurchase price of bonds sold at the buy-back auction as a result of the acceptance of the i-th sale bid by the Minister of Finance,

$C_{Ci}$  - the price which corresponds to:

- a) the clean price specified by the auction participant in the i-th bid,
- b) in the case of non-competitive bids - the weighted average clean price of accepted bids containing the clean price,

$SI_d$  - the indexation coefficient on the auction settlement date,

$O_d$  - the value of the accrued interests on the auction settlement date;

$L_i$  - the number of bonds in the i-th sale bid, or the number of bonds after reduction of bids.

## Annex 4

## METHOD OF CALCULATION OF A VALUE OF ACCRUED INTEREST ON SINGLE BOND

The value of the accrued interests on single bond on "d" day, on the date of which the calculation is made, shall be calculated using the formula below, rounding up to two decimal points:

$$O_d = N * SI_d * r * \frac{a}{D * F}$$

where:

$O_d$  – the value of accrued interests on single bond on "d" day

$N$  – the face value of single bond,

$SI_d$  – the indexation coefficient for bonds on "d" day,

$r$  - the interest rate of bonds in a given interest period,

$a$  - the actual number of days from the first day of the interest period, including this day, to "d" day, excluding "d" day.

$D$  - the actual number of days in a given interest period, including the first day of the interest period and excluding the last day of the interest period,

$F$  - the frequency of coupon payments per year.