

Information on reverse auctions by DNB

Reverse auctions

1. De Nederlandsche Bank N.V. (**'DNB'**) conducts reverse auctions for the execution of some of its outright purchases under the public sector purchase programme (**'PSPP'**) and Pandemic Emergency Purchase Programme (**'PEPP'**) .

Eligible securities for purchase through reverse auctions

2. DNB uses reverse auctions for purchases of securities issued by the central government and recognised agencies located in the Netherlands: BNG Bank N.V. (BNG), Nederlandse Waterschapsbank N.V. (NWB) and Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO).
3. The purchases of securities issued by recognised agencies are undertaken as part of the execution of the ECB Decision on a secondary markets public sector asset purchase programme (ECB/2015/10 of 4 March 2015) (**'Decision'**). The purchases of these securities via reserve auctions are therefore subject to the regulations set forth in the Decision. The purchases of securities via auctions will be complementary to purchases that are carried out bilaterally.
4. In principle, all outstanding securities of the central government and Dutch agencies eligible for purchases under the PSPP and PEPP may be included in a reverse auction. The list of eligible securities DNB offers to purchase in each reverse auction will be announced two business days in advance, through a notification that will be sent to the enabled dealers in the Bloomberg auction system. The securities that are not included in the auction can still be offered to and purchased by DNB on a bilateral basis.

Eligibility to participate

5. Only eligible counterparties operating as a DNB counterparty for the PSPP can participate in the reverse auctions.
6. In order to participate in the reverse auctions, counterparties should have access to the Bloomberg auction system.
7. Those wishing to participate in reverse auctions for the first time should contact DNB's dealing room at least two business days before an auction takes place, so that their dealers can be authorised in the Bloomberg auction system.

Purchase process

8. DNB keeps the flexibility to adjust the frequency and intended purchase amount.
9. For the execution of the reverse auctions DNB will use the Bloomberg auction system.
10. The auctions will be carried out as a variable rate auction with discriminatory prices.

11. Offers will be allocated based on the attractiveness relative to a theoretical yield curve, which is fixed at the close of the offer collection period.
12. Participation in reverse auctions and the purchases resulting from the reverse auctions will be governed by the latest version of the “Terms and conditions for purchases by DNB under the public sector purchase programme via reverse auctions” (**‘Auction Terms’**), which are available on DNB’s website [[link](#)]. The submission of an offer is considered to be legally binding and allows DNB to enter into a transaction at the given price (the quote increased with the accrued interest, i.e. the dirty price) and volume. When an offer is awarded by DNB an agreement to enter into a transaction will be concluded. DNB reserves the right to cancel a reverse auction or to reject offers.

Auction procedures

13. Reverse auctions will be announced at least two business days in advance on the preceding. Enabled counterparties will be invited to submit offers via the Bloomberg auction system during a 20 minute submission window.
14. An offer for a particular security should include an offered amount and a quote (clean price). Amounts should be in increments of EUR 1 million, with a minimum of EUR 1 million. For the quote three decimal places are allowed. Dealers of a counterparty are allowed to submit a maximum of five offers per ISIN. DNB will use a minimum price in the auction set-up to filter out off-quotes.
15. Within 10 minutes after the deadline for submitting the offers, participants will be notified via Bloomberg whether or not their offers have been (partially) allotted. Offers that are accepted at the highest price may be allocated partially and rounded at EUR 1 million.
16. Auction results will be published on the day of the auction on Bloomberg page DNLB. DNB publishes the aggregated purchased and offered amount. In addition, the minimum, weighted average and maximum price per bond that was purchased are disclosed.

Settlement

17. Counterparties will be notified via Bloomberg on the amounts allocated.
18. Purchases will settle on a T+2 basis.

In case of questions, please contact fm.dealingroom@dnb.nl (or +31 20 520 5055).

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