

**KINGDOM OF BELGIUM  
FEDERAL PUBLIC SERVICE FINANCE  
TREASURY DEPARTMENT  
Kunstlaan 30 avenue des Arts  
B-1040 BRUSSELS**

**CODE OF DUTIES  
OF THE  
RECOGNIZED DEALERS  
IN BELGIAN GOVERNMENT SECURITIES**

**January 1<sup>st</sup>, 2012**

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## FOREWORD

The Minister of Finance appoints a group of “ RECOGNIZED DEALERS IN BELGIAN GOVERNMENT SECURITIES“ with a view to enhancing the placement of linear bonds (“OLO”), of strips and of Treasury Certificates (“TC”), to fostering the liquidity of these securities on the secondary market and to promoting the Belgian public debt.

The specific mission of the Recognized Dealers is to promote the placement and the distribution of the Belgian Government securities particularly in certain geographical areas or market segments and/or categories of final investors.

## SECTION I

### THE RIGHTS OF THE RECOGNIZED DEALERS

The Recognized Dealers have the following rights:

- 1° to carry the **title** of “Recognized Dealer in Belgian Government Securities”;
- 2° to participate in the **competitive auctions** of linear bonds and treasury certificates<sup>1</sup>;
- 3° to participate in the **buyback operations** organized by the Treasury;
- 4° to **strip** and to reconstitute linear bonds, and to convert into BE-strips;
- 5° to use the **repofacility** offered by the Treasury for OLO, TC and BE-strips;
- 6° to be **eligible counterparties** of the Treasury in its debt management operations.

The Recognized Dealers belong to the eligible counterparties of the Treasury for its debt management operations. They can only conclude derivative transactions including FX transactions if:

- they have at least an “A” rating. This rating is the minimum rating as obtained from either Fitch Ratings, Moody’s or Standard & Poor’s. If not, derivatives transactions including FX-transactions, can be concluded if the parent company issues a guarantee and the latter has at least an “A” rating; and
- the RDs or designated (group) companies have concluded an ISDA Master Agreement and a Credit Support Annex with the Treasury, under which the derivative transactions, including FX-transactions, will be documented.

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<sup>1</sup> The Recognized Dealers who participate directly in the auctions of OLOs and TCs are subject to the same rules and procedures as the Primary Dealers, with the exception of non-competitive bids which Recognized Dealers are not entitled to.

## SECTION II

### THE OBLIGATIONS OF THE RECOGNIZED DEALERS

The Recognized Dealers have the following obligations:

- 1° to **promote the placement** of Belgian Government securities by such means as the publication of economic research papers and of market analyses, and the organization of seminars with investors;
- 2° to **contribute to the liquidity** of the secondary market of Belgian Government securities by quoting firm dealing prices to their customers. The Recognized Dealers also post up-to-date indicative prices on their screens for the securities which they trade and, at the minimum, for the market “benchmarks”;
- 3° the Recognized Dealers actively **participate, as market maker or market taker**, in an electronic trading platform, selected to function as “inter-dealer broker” in the Belgian Government securities market;
- 4° the Recognized Dealers submit a **business plan** within the timing determined by the Treasury. This plan shall outline the Recognized Dealer’s objectives for participation in the primary and the secondary markets, his projects for research and marketing, and a general description of his target customer base. This plan is submitted to the Treasury as an indication of the business strategy contemplated by the Recognized Dealer. The Recognized Dealer does not commit to achieve the outlined plan. Upon receipt of this report, the Treasury will organize a conference call with the Recognized Dealers to review his business plan;
- 5° the Recognized Dealers submit regularly to the Treasury **a report on their activity**. The activity report is structured according to the European harmonized reporting format, following the guidelines outlined in the website of the relevant Economic and Financial Committee (EFC) sub-Committee on EU Government bond and bill markets <sup>2</sup>. The report is transmitted by electronic mail following section A, XI of the “Technical Specifications Manual” published on the EFC website.

RDs submit to the Treasury a report on their activity on CDSs on the KOB, following the format required and provided by the Treasury

#### 6° **Ethical behaviour**

Recognized Dealers hold themselves to the highest standards in financial business practice. In particular, their activity in Belgian Government securities is consistent with the objective of the Treasury to maintain orderly, efficient and liquid markets

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<sup>2</sup> [http://europa.eu/efc/sub\\_committee/primary\\_dealer/index\\_en.htm](http://europa.eu/efc/sub_committee/primary_dealer/index_en.htm)

## **SECTION III**

### **ADMINISTRATIVE PROVISIONS**

#### **The appointment of Recognized Dealers and their status**

The status of Recognized Dealer in Belgian Government Securities is normally granted for a period of one calendar year.

If a Recognized Dealer is appointed during the calendar year, the status will be granted from the day of its appointment till December 31<sup>st</sup>.

The Minister of Finance may, at his discretion, terminate the appointment of the Recognized Dealer whom he would deem not to meet his obligations.

A Recognized Dealer may renounce to its appointment with a letter addressed to the Administrator General of the Treasury. This renunciation is effective with a one month notice or by mutual agreement.

**AGREEMENT**

Each party has executed this agreement in two copies, one of which will be held by the Kingdom and the other by the RD.

**THE UNDERLYING AGREEMENT IS SIGNED BETWEEN:**

On the one hand, the Belgian State, represented by the Minister of Finance,  
**Treasury Department**  
**Kunstlaan 30 avenue des Arts**  
**B-1040 Brussels**  
**Belgium**

.....

**The Minister of Finance,**

and

on the other hand :

(Legal entity).....  
(Address).....  
(Postal code + City).....  
(Country).....

represented by :

(Signature).....	(Signature).....
(Name).....	(Name).....
(Function).....	(Function).....