

Kingdom of Belgium
Treasury - Belgian Debt Agency
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**Procedure Manual regarding
the issuance of**

linear bonds (OLOs)

**through the method of an
Optional Reverse Inquiry
Auction**

PROCEDURE MANUAL REGARDING THE ISSUANCE OF LINEAR BONDS (OLOs) through the method of an Optional Reverse Inquiry Auctions

The current procedure manual applies to linear bonds, the issuance of which is governed by the Royal Decree of October 16th, 1997 as amended, and by the Ministerial Decree of December 12th, 2000 as amended.

This procedure has to be read together with the procedure manual regarding the issuance of linear bonds.

The specific elements of an Optional Reverse Inquiry Auction are explained hereafter.

Terminology

ORI:	Optional Reverse Inquiry
Off-the-run OLOs:	OLOs which are not considered as a benchmark
Benchmark OLOs:	Reference bonds with maturities of 5, 10, 15, 20 and 30 year. The primary dealers decide which OLOs are to be considered as benchmarks

Definition of an ORI Auction

An ORI Auction is an auction of maximum two fixed rate off-the-run OLOs organised at the BDA's decision upon a genuine demand from investors.

Who is entitled to submit bids at the ORI Auctions

Primary and recognised dealers are entitled to submit competitive bids at the ORI auctions.

The right to submit subscriptions is also attributed to the following institutions in the framework of the management of their portfolio: the National Bank of Belgium for account of foreign central banks and assimilated institutions and for account of international financial organisations of which Belgium is a member, the "Fonds monétaire – Muntfonds", the "Caisse des dépôts et consignations – Deposito- en consignatiekas" and the Securities Regulation Fund. These institutions can subscribe OLOs at the weighted average price of the auctions. Their bids must be sent to the BDA before 11:30 AM (CET) the day of the auction.

ORI Auction method

The off-the-run OLO(s) (is) are issued by **competitive auctions** based on the prices offered by the bidders.

Calendar

In principle, ORI auctions take place on the second Friday of every month.

Before January 1st of each year, an indicative calendar of the ORI auctions is published on the website of the BDA : <http://www.debtagency.be>

For each auction this calendar gives the following information:

- the date of the ORI auction;
- the value date for settlement and delivery of the allocated OLOs .

Invitation to bid

In principle, the invitation to bid is announced on the Thursday preceding the ORI auction, after 4:00 PM (CET) via the pages of the BDA on Bloomberg (BELG) and Thomson Reuters (BELG/ORIAUCTIONS) .

The invitation mentions :

- the date of the auction;
- the value date for settlement and delivery of the allocated OLOs
- the specifications of the OLOs to be issued = maximum 2 off-the run OLOs;
- the ISIN codes of the OLO lines which will be issued;
- the range of the nominal amount to be auctioned, all lines together;
- the current outstandings of the OLO lines which will be issued.

In addition, a personal announcement message is sent to each primary and recognized dealer via BAS.

Publication of the results

The results of the ORI auction are normally published a few minutes after cut-off time of the auction :

- via BAS, global results and individual results for each bidder;
- and thereafter, via the pages of the BDA on Bloomberg (BELG) and Thomson Reuters (BELG/ORIAUCTIONS) on which the following data are published :
 - the total amount of valid bids;
 - the proposed minimum and maximum prices;
 - the stop price;
 - the total amount allocated and the number of successful bidders;
 - the allocated percentage at stop price;
 - the weighted average price and the weighted average yield of the ORI auction;
 - the amount allocated to other institutions authorized to submit subscriptions at the weighted average price.

If the results of the auction are not released before 0:30 PM (CET) on the day of the auction, the BDA will inform the primary and recognized dealers of the reasons for the delay and of the possible consequences for the auction process. This communication will be done through Bloomberg AXEM or e-mail, and if needed through Bloomberg and Thomson Reuters.

If the results of the auction are not released before 2:00 PM (CET) on the day of the auction, it is assumed that the primary and recognized dealers have cancelled their bids unless a contrary notification is sent by fax before 2:00 PM by fax (n° +32 2 230 33 35). After consultation with the primary and recognized dealers the Agency can bring the moment of cancellation of the bids forward.

In case of severe problems the BDA may decide to resort to an alternative auction procedure. The primary and recognized dealers will then be advised through Bloomberg AXEM and e-mail, and if needed through Bloomberg and Thomson Reuters, about the steps to follow for introduction of new bids.

Possible procedures are :

- reopening of BAS;
- introduction of bids via fax ([see model](#));
- introduction of bids via telephone.

Non-competitive subscriptions

Participation into ORI auctions do "not" give the right to non-competitive subscriptions

Contactpersons

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