

MTS DENMARK
SPECIFIC GOVERNING RULES

(Approved on October 7th, 2003)

Adjusted on April 25th, 2005

Adjusted on January 20th, 2006

Adjusted on August 23rd, 2006

Adjusted on November 29th, 2006

Adjusted in June 2008

Adjusted in October 2009

Adjusted in June 2010

Adjusted in November 2010

Adjusted in May 2011

Adjusted in November 2011

Section A - Maturity buckets

Traded Securities denominated in DKK – DKB (Benchmark Securities) and DKL (Liquid Securities) – shall be classified in the following maturity buckets according to their remaining maturity:

Bucket A	13 months to 3.5 years
Bucket B	3.5 years to 6.5 years
Bucket C	6.5 years to 13.5 years
Bucket D	Over 13.5 years

Traded Securities denominated in DKK – DKT (T-bills) – shall be classified in the following maturity buckets according to their remaining maturity:

Bucket A	0 to 6 months
Bucket B	6 to 12 months

Traded Securities denominated in DKK – DKS (short-term bonds less than 12 months) – shall not be classified in maturity buckets.

Traded Securities denominated in EUR – KOD (Kingdom of Denmark) shall not be classified in maturity buckets.

Section B - Minimum proposal quantity and minimum order quantity

Normal Market circumstances

The **minimum proposal quantity** for Traded Securities is as follows:

1. DKK- denominated securities.

Benchmark Securities	DKK 20 million
Liquid Securities	DKK 20 million
Regular Securities	DKK 20 million

The **minimum order quantity** for all Traded Securities is DKK 20 million.

2. EUR-denominated securities

The minimum proposal quantity on EUR denominated securities shall be euro 2.5 million.

The **minimum order quantity** for all Traded Securities is euro 2.5 million.

Extraordinary Market circumstances - applicable for Treasury Bills only

The Market Operations Committee may suggest that Denmarks Nationalbank temporarily modifies minimum proposal and/or minimum order quantity in case of exceptional market circumstances by contacting MTS Denmark or Denmarks Nationalbank directly. Once Denmarks Nationalbank reaches a resolution, MTS Denmark will then communicate it to all T- bill Market Participants.

Section C – Contracts

In accordance with article 19 of the Common Governing rules, the types of contract by means of which each Traded Security may be traded on the System shall be spot buy or spot sell contracts.

Section D - Trading hours (Central European Time)

1. **7.30 a.m. – 8.00 a.m.:** Pre-Market phase, during which only Market Makers are operative; during this time period the Market Makers can insert and change their Quotes. Each Market Maker can only view their own quotes.

8.00 a.m. – 8.15 a.m.: Offer phase, during which all Participants can operate, on the basis of the user profile assigned to them; it is possible to send Orders. During this time period the automatic matching of Quotes is not active.

8.15 a.m. – 5.30 p.m.: Open Market phase, during which all Participants can operate on the basis of the user profile assigned to them. the automatic matching of Quotes is active until the market closes.

5.30 p.m. – 7.30 a.m.: Closed Market phase, during which the market is completely inoperative. During this time period, Participants can only send and receive messages, examine statistics concerning the day's negotiations, receive reports, lists and indices.

2. The minimum number of hours in relation to the obligations to make Quotes on the System per Trading Day is 5 hours between 09:00 CET and 16:30 CET.

Section E – Trading days

A trading day on the System is defined by the Target calendar.

1. A Market Maker shall be relieved from its obligations under Article 11.1.b on such days which are recognized public holidays in the Market Maker's country of system connection such that the Market Maker is not in default of its undertaking for failing to comply with its obligations on such days.
2. If a Market Maker relocates its trading activity for an entire segment (DKB and/or DKL and/or DKT and/or KOD) to another country through remote connection, the Market Maker is obliged to officially inform MTSAM. In such case, a Market Maker shall be relieved from its obligations under Article 11.1.b on such days which are recognized public holidays in the Market Maker's country of remote connection such

that the Market Maker is not in default of its undertaking for failing to comply its obligation on such days.

3. Market Making Obligation shall be suspended for either one or both of the entire market segments in case, subject to paragraph 1 and 2 above, 50% + 1 of the Market Makers are relieved from quoting obligations.

The company will therefore consider participants to be resident in the country where they have the connection unless participants specify in written form where they want to be considered as resident for DKB, DKL, DKS, DKT and KOD segment (or any future segment if applicable) separately for the purpose of suspending quoting obligations.

Section F - Quotation/spread obligations

Set-up agreed by the Danish Debt Management Office and Primary Dealers of the Kingdom of Denmark implemented on 4th January 2010

- DKK-denominated Bonds:

- Variable spread quotation: parameters with minimum quantities but with undefined spreads

The Danish DMO decides the list of benchmark securities after consulting with the Primary Dealers. In addition, all new key on-the-run issues automatically receive benchmark status. Market making obligations in new key on-the-run issues will apply as soon as the outstanding amount exceeds DKK 5 billion.

All benchmark securities are assigned to all market makers for compulsory quoting on the selected platform.

Market making in liquid securities is not compulsory, but market making in this segment will improve the compliance ratio of a market maker. Each month, Primary Dealers of the Kingdom of Denmark who are below 85% compliance threshold are considered not compliant.

The compulsory quantity will depend on time to maturity of benchmarks, whereas the compulsory quantity on liquids will be independent of time to maturity, as per table below:

	CompQty, DKK million	Minimum quotation time
<u>Benchmarks</u>		
2Y bucket	100	5 hours
5Y bucket	80	5 hours
10Y bucket	50	5 hours
30Y bucket	25	5 hours
<u>Liquids</u>		
	25	5 hours

- EUR-denominated bonds

No quoting requirements

- Treasury Bills:

As discussed during the Primary Dealers meeting held on 3rd June 2010 and subsequently ratified by the Market Operations Committee on 8th June 2010, market making obligations in new Danish Treasury Bills (DKT) will apply as soon as the outstanding amount exceeds DKK 4 billion.

	T-bill Securities	
	<i>Max. b/o spread</i>	<i>Min. quantity</i>
Bucket A	4	DKK 100 million
Bucket B	4	DKK 100 million

Spread for T-bills are expressed in yield tick equivalent.

Participant's compliance on MTS Denmark are not taken into consideration during one month period after entering the System for the first time.

Compliance to quoting requirements will be monitored by the Danish DMO, who receives a detailed daily report of participants performances automatically generated from the MTS System. In case a participant shall have any queries about their performance, they should make their enquiries directly with the Danish DMO.

For details on how compliance is calculated please refer to section P of this document.

Section G - Clearing and settlement institutions

In order to be admitted to trading DKK-denominated securities, MTSDk participants must hold a deposit account with VP Securities Services, Euroclear Bank or Clearstream Banking.

In order to be admitted to trading on EUR-denominated securities, MTSDk participants must hold a deposit account with Euroclear Bank or Clearstream Banking.

Section H - Clearing and settlement procedure

1. DKK-denominated securities

The System will be connected to VP Securities Services via the SWIFT network. The System will send real time instructions to VP Securities Services on behalf of System Participants. For each transaction two SWIFT MT5XX records will be created: one for the buyer, the other for the seller.

Each MT5XX record will include all the settlement details, including the settlement amount calculated by the system.

Institutions will receive the matching status reports and the settlement status reports from the VP Securities Services in the usual manner. Transactions executed on MTS Denmark will be distinguished by a special reference code.

At the end of the trading day, System Participants receive detailed trading activity reports, with settlement details, through MTS Denmark activity pages on the System.

At present MTS Denmark Participants can be Direct Clearing customers in VP Securities, with the possibility of using an account controller to maintain their account, or Indirect Clearing Customers in VP Securities via Clearstream Banking Luxemburg or Euroclear Bank Brussels.

Each market participant must execute a standard "Power of Attorney" provided by VP Securities granting MTS Associated Markets SA/NV authorisation to report trade transactions to VP and be informed of potential fails. Those participants making use of a custodian bank must sign with the custodian a standard contract provided by MTS Associated Markets SA/NV.

On the Power of Attorney each System Participant must specify the account number he wants to be operated. Every participant will be allowed to use only a single account for clearing transactions executed on MTS Denmark.

2. EUR-denominated securities.

The System will send real time settlement instructions to Euroclear and Clearstream Banking on behalf of both System Participants.

Each settlement instruction will include all the settlement details, including the settlement amount calculated by the system.

The Bridge existing between Euroclear and Clearstream Banking enables settlement of transactions executed by counterparts having accounts open with either agent.

Institutions will receive the matching status reports and the settlement status reports from to Euroclear/Clearstream Banking in the usual manner. Transactions executed on KOD will be distinguished by a special reference code.

At the end of the trading day, System Participants receive detailed trading activity reports, with settlement details, through MTS Denmark activity pages on the System.

System Participants will authorise to Euroclear and Clearstream Banking to settle instructions sent by MTS Associated Markets by executing "Power of Attorney" – arranged by Euroclear/Clearstream Banking – in favour of MTS Associated Markets.

On the Power of Attorney each System Participant must specify the account number he wants to be operated. Every participant will be allowed to use only a single account for clearing transactions executed on MTS Denmark.

Executing the Power of Attorney, System Participants also authorise the Company to receive a daily fail report with indications of the trades either not settled on the value date, cancelled or modified by members.

Section I - Settlement cycle

1. DKK-denominated securities.

The settlement cycle will follow the Danish holiday calendar.

2. EUR-denominated securities.

The settlement cycle will follow Target calendar.

For latest information please send an email to mtsam@mtsam.com

Section J - Updated list of Traded Securities

List updated as per last review of governing rules; for more recent versions please send an email to mtsam@mtsam.com

• BONDS

ISIN Code	Description	class	type
DK0009919961	DGB 6.000 15/11/11	DKS	regular
DK0009920894	DGB 5.000 15/11/13	DKB	benchmark
DK0009922833	DGB 2.000 15/11/14	DKB	benchmark
DK0009922759	DGB 2.500 15/11/16	DKB	benchmark
DK0009922676	DGB 3.000 15/11/21	DKB	benchmark
DK0009922320	DGB 4.500 15/11/39	DKB	benchmark
DK0009922593	DGB 4.000 15/11/12	DKL	liquid
DK0009921439	DGB 4.000 15/11/15	DKL	liquid
DK0009921942	DGB 4.000 15/11/17	DKL	liquid
DK0009922403	DGB 4.000 15/11/19	DKL	liquid
DK0009918138	DGB 7.000 10/11/24	DKL	liquid

Government Debt Management, after consulting with primary dealers, decides whether a DKK-denominated bond, i.e. DKB/DKL is listed on the system as a Benchmark, a Liquid or a Regular Security.

• T-BILLS

ISIN Code	Description	class	type
DK0009813891	DGTB 0 01/12/11 SKBV 11 / IV	DKT	regular
DK0009813974	DGTB 0 01/03/12 SKBV 12 / I	DKT	benchmark
DK0009814006	DGTB 0 01/06/12 SKBV 12 / II	DKT	benchmark

Section K – MTS Denmark membership application form

Please ask MTSAM for separate MTSAM onboarding form

Section L - Assignment of Securities to Market Makers

Set-up agreed by the Danish Debt Management Office and Primary Dealers implemented on 4th January 2010

1. DKB.

Market makers have quoting obligations on all DKBs.

2. DKL

Market making in liquid securities is not compulsory, but market making in liquids will improve the compliance ratio of a market maker. However, only market making with quantity higher than or equal to the compulsory quantity will be included in the compliance calculations.

3. DKT

Market makers have quoting obligations on the listed T-bills under the following conditions:

- T-bills must have a remaining maturity of more than 1 month, i.e. market making obligation of a T-bill will always end on the final trading day of March, June, September or December;
- Quoting Obligation start on the first trading day following the opening auction;
- T-bills must have an outstanding amount of at least DKK 4 billion

4. DKS

Market makers do not have quoting requirements on DKS

5. KOD

Market makers do not have quoting requirements on KODs

There has been no bond listed under the KOD segment since November 2010.

Section M - Daily statistics

The list described in Article 26.5 of MTSAM Governing Rules shall be compiled at the end of each Trading Day and shall be divided into sections.

For cash trades the list shall indicate, for each type of Traded Security:

- (a) identification code of the type of Traded Security;
- (b) description of the type of Traded Security;
- (b) the minimum price;
- (d) the maximum price;
- (e) the average weighted price;
- (f) the volume negotiated.

Section N – Procedure to be used by a System Participant to verify on its computer system the status of the contracts executed by it on the system or in the event of its being unable to do so

In the event that a System Participant is, for any reason, unable to verify on its screen the contracts it has executed on the System, it is possible to obtain the necessary information by taking the following steps:

1. Telephone MTSAM Executive Officers who should be able, through the *SIA Datafeed Monitor*, to verify all the contracts executed on the System and therefore the contracts which concern the particular System Participant with such information as the identity of the Traded Security so traded, the quantity, the price and the time of execution and the identity of counterparty.
2. In the event that MTSAM Executive Officers are unable to use the *SIA Datafeed Monitor*, then SIA SpA should be contacted by the System Participant by telephone to provide the necessary information.
3. In the event that SIA is, for any reason, unable to access the *SIA Datafeed Monitor*, it is possible to resort to an alternative tool (*Tandem Monitor*), which is connected directly to the central system on a local network and through which the necessary information may be extracted.
4. In the event that the *Tandem Monitor* is also unavailable for use, SIA can use a utility program called *Enform*, typical of the Tandem platform, through which it is possible to directly access the contract archive contained in the mass memories (disks) in order to extract the necessary information. It should be noted that the archives are duplicated as

the system is *Fault Tolerant*. Further back-up is provided by a second duplication of the archives on the *Disaster Recovery* site.

Operating Procedures to be used by a System Participant to verify on its computer system the status of the contracts executed by it on the System and in the event of its being unable to do so.

A System Participant shall:

- (a) at all times monitor relevant "pages" of the System to check whether an Application it makes has been accepted in whole or in part or not accepted ("refused") and, if a relevant entry does not appear on its screen within 5 seconds of the Application being made, to contact the Company to check what has happened
 - 1. The Company should be able, through the *SIA Datafeed Monitor*, to verify all the contracts executed on the System and therefore the contracts which concern the particular System Participant with such information as the identity of the Traded Security so traded, the quantity, the price and the time of execution and the identity of counterparty.
 - 2. In the event that the Company is unable to use the *SIA Datafeed Monitor*, then SIA SpA should be contacted by the System Participant by telephone to provide the necessary information.
 - 3. In the event that SIA is, for any reason, unable to access the *SIA Datafeed Monitor*, it is possible to resort to an alternative tool (*Tandem Monitor*), which is connected directly to the central system on a local network and through which the necessary information may be extracted.
 - 4. In the event that the *Tandem Monitor* is also unavailable for use, SIA can use a utility program called *Enform*, typical of the Tandem platform, through which it is possible to directly access the contract archive contained in the mass memories (disks) in order to extract the necessary information. It should be noted that the archives are duplicated as the system is *Fault Tolerant*. Further back-up is provided by a second duplication of the archives on the *Disaster Recovery* site;
- (b) notify the Company immediately if it believes a system malfunction or other technical problem has occurred; and
- (c) if it believes it is exposed to a market risk due to a system malfunction or other technical problem, suspend all its Proposals via the open server and, if it is subject to a market making obligation, immediately request from the Company a temporary suspension of the obligation.

Section O – Trade Cancellation Procedures

BILATERAL CANCELLATION REQUEST

The cancellation of erroneous trades shall be carried out by the Company on the basis of mutual written requests by the relevant parties to be sent by email to the Company prior to the closing of the Market or immediately afterwards.

The cancellation request shall be notified by one of the parties to the Company and the other party by telephone or email within 15 minutes of the execution of the trade. In any case it must be confirmed by email. Upon the receipt of the notification, the Company shall immediately contact the other party with respect to such cancellation.

If the other party confirms its agreement to such cancellation request within 10 minutes of receipt, the request shall be treated as a mutual request and shall be executed by the Company.

UNILATERAL CANCELLATION REQUEST

In the event that agreement cannot be reached on the Bilateral cancellation of a trade the following procedure will be used to ascertain whether a unilateral cancellation can be performed.

In the event that agreement cannot be reached on the Bilateral cancellation of a trade the following procedure will be used to ascertain whether a unilateral cancellation can be performed.

In order to qualify for unilateral cancellation a trade must be proved beyond doubt to deviate considerably from Fair Market Value of the security in question at the time of execution. To be “inconsistent” with the market value, the trade price must have been executed at a price that was greater than 50% outside the current bid/offer spread on a specific instrument at the time of its execution.

To this purpose the company will immediately:

- 1- request of five member banks their opinion as to fair market value at the time of trade execution, asking them to quote a two way inter-dealer electronic quote in the instrument object of the trade.
- 2- The five banks consulted are appointed by the Market Committee and exclude either party of the disputed transaction.
- 3- The five banks consulted should respond to a request in relation to Fair Market Value within 15 minutes by return email.
- 4- The company will discard the bid/offer couple containing the highest bid and the bid/offer couple containing the lowest offer and calculate the spread between the average of the remaining bid prices and the average of the remaining ask prices which will determine the

Fair Market Value. The average bid/offer spread will be calculated truncating the result to the third decimal and then rounding up to the second one.

Once fair market value is ascertained, the trade price in question will be considered to deviate from the Fair Market Value if it is 50% wider than the average bid/offer spread (Fair Market Value) which was calculated.

More in details:

- Error sale** (*i.e.* cancellation request is made by the seller):

Should the price at which the trade was made be at a price greater than 50% below the current bid/offer spread as defined above at the time of the execution of the trade then the transaction will be cancelled.

- Error purchase** (*i.e.* cancellation request is made by the buyer)

Should the price at which the trade was made be at a price greater than 50% above the current bid/offer spread as defined above at the time of the execution of the trade then the transaction will be cancelled.

Example of the “Polling Methodology” as per the AFME Rules

Danish bond DGB 4.500 15/11/39

The Trading Platform had the following best bid/offer on the screen – 107.15/110.25
Seller aggresses bid at 107.15 and then reports it as an error trade (being an error sale).
Following a poll of five market participants, the five quotes are as follows:

- 108.60/109.60
- 108.50/109.65
- 107.90/109.50
- 108.25/109.30
- 108.30/109.20

The bid/offer couple containing the highest bid and the bid/offer couple containing the lowest offer are eliminated, which leaves the following:

108.50/109.65
107.90/109.50
108.25/109.30

The average bid/offer spread is calculated taking into account the remaining three, truncating the result to the third decimal and then rounding up to the second one:

Avg Bid= $(108.50 + 107.90 + 108.25) / 3 \Rightarrow$ truncated to the 3rd and rounded up to the 2nd

Avg Offer = $(109.65 + 109.50 + 109.30) / 3 \Rightarrow$ truncated to the 3rd and rounded up to the 2nd

Therefore the remaining values are: **108.22/109.48**

If we apply the 50% deviation margin to the average bid/offer spread (126 cts) we obtain the following bid and offer limits, that represent the Fair Market Value:

107.59/110.11

The sale executed at 107.15 will be cancelled as the low parameter is 107.59 i.e. all sales < 107.59 may be cancelled should that be requested by the seller in the present example.

If after following all of the steps above the reported error trades is proved to deviate significantly from Fair Market Value based on the criteria listed above, the company will enforce the unilateral cancellation of the trade in order to maintain a fair and orderly market and avoid the unfair penalization of members for genuine errors.

The company will inform the interested parties via telephone (with confirmation via e-mail) of its decision regarding the cancellation request within 45 minutes from the notification of the error trade.

In the event of transactions carried out on an anonymous basis between two counterparties which use the Central Counterparty Service, the Company is entitled to reveal the identities in order to resolve the trade dispute, if deemed useful to resolve the trade dispute.

The current institutions must be contacted in case of unilateral trade cancellation

List updated as per last review of the governing rules; for more recent version please send an email to mtsam@mtsam.com

Danske Bank

Nykredit

Nordea

SEB

BNP Paribas

Sydbank and Barclays will act as back up banks when one of the above mentioned banks fail to provide us with their viewpoint.

The Executive Officers send a prompt email communication to at least two contact people of

each institution.

Major Market Incidents

"MMI" means such circumstance relating to the technical functioning of the System as the Board (or the Executive Directors of the Company, to whom the Board may delegate), in their sole discretion, shall determine to be a major market incident. Without prejudice to such discretion, regard may be held to such factors as whether:

- the System is inaccessible (or “down”) during scheduled trading hours;
- market-making is restricted because, for example, a network trunk is “down” resulting in a material number of Primary Dealers being unable to access the System;
- the technical service level on the System is such that a material number of System Participants cannot safely trade without being exposed to significant market risks (for example, being unsure of their position, being unable to quote, being unable to see the best Price or seeing erroneous Prices in the best); or
- the security or integrity of the System is compromised, or at imminent risk, or the Company is unable to see or control the System using standard tools.

The period of an MMI shall be from such time as the Board (or the Executive Directors of the Company, to whom the Board may delegate), in their sole discretion, shall determine as the time of the first impact on the System of the MMI in question until such time as the Board (or the Executive Directors of the Company, to whom the Board may delegate), in their sole discretion, shall determine as the time when the System has been restored to its normal state. Without prejudice to such discretion, it will normally be the policy to take the start time of an MMI as the time of receipt of the initial fault report notification.

If it shall be determined that an MMI has occurred, the Company shall perform cancellation of such trades as the Board (or the Executive Directors of the Company, to whom the Board may delegate) shall, in their sole discretion, determine are affected by the MMI. Without prejudice to such discretion, it may be determined that (a) affected trades include trades executed outside the period of the MMI, and (b) trades executed during the period of the MMI are not affected by the MMI. The Company may, but is not obliged to, consult with System Participants, whose trades are or may be affected by the MMI.

The Company will, if practicable, inform all System Participants as soon as possible of the occurrence of an MMI. The Company will inform the relevant counterparties, so far as practicable by not later than 18:30 Central European Time on the Trading Day in question, of the trades that are subject to cancellation. The Company will promptly notify System Participants of the end of the period of an MMI.

Section P – Procedure for participants’ monthly average adjusted compliance to

quoting obligations

Variable spread quotation: parameters with minimum quantities but with undefined spreads **(in use since January 2010)**

Market makers have the option of receiving daily compliance reports upon request containing information on the Best 5Hrs Spreads (5HrSp), the Quantity during best 5Hrs Spreads (5HrQty), the Quotation time and the Compliance Ratio (in %). The compliance ratio is calculated based on the banks performance for the items previously mentioned compared to CompSp and the CompQty. This data would provide simple and straightforward information on relative secondary market performance. If you would like to apply to this service, please send an email to mtsam@mtsam.com

Calculation of Compliance Ratio for one security:

Definition:

1. Quotation Time. This data provides the total time the security was quoted with quantity higher than or equal to CompQty.
2. Best 5Hrs Spread (5HrSp). This is the time weighted average spread of the best (i.e. sharpest quoted) 5 hours of each security, where the quantity was higher than or equal to CompQty. In case the Primary Dealer has quoted less than or equal to 5 hours, the time weighted average spread of the total quotation time will be provided here.
3. Quantity during Best 5Hrs Spread (5HrQty). This is the time weighted average quantity expressed in DKK million, quoted during the 5HrSp. In case the Primary Dealer has quoted less than or equal to 5 hours, the time weighted average quantity of the total quotation time, with quantity higher than or equal to CompQty, must be provided here.

A Primary Dealer's compliance against quoting obligations will be evaluated on a monthly basis, based on 5HrSp with (5HrQty \geq CompQty) and (5HrSp \leq CompSp). The daily competitive spread in security s is calculated as:

$$CompSp_s = \kappa \cdot \frac{\sum_{assigned\ PD} 5HrSp_s}{\#assigned\ PDs}$$

As a starting point, κ is set to 1.5. The magnitude of κ is subject to subsequent adjustments. For benchmark securities, the number of assigned Primary Dealers will be equal to the total number of Primary Dealers. For liquid securities, the number of assigned Primary Dealers will be equal to the number of Primary Dealers, which quote prices in a specific security according to the CompQty. To be included as an assigned Primary Dealer in a liquid series, a Primary Dealer will not have to quote prices for the compulsory 5 hours. However, the compliance ratio can never be 100 per cent if the quotation time is below 5 hours, see below.

If a Primary Dealer has quoted prices in a security with ($5HrSp \leq CompSp$) and ($5HrQty \geq CompQty$), then the compliance ratio in this security will be:

$$CR_s = \min \left[\frac{Quotation\ time_s}{5}; 1 \right]$$

In other cases, the compliance ratio in the specific security will be zero.

Daily and Monthly CR

The daily CR (DCR) is calculated as:

$$DCR = \alpha \cdot \frac{\sum_{i \in benchmark\ series} CR_i}{\#benchmark\ series} + (1 - \alpha) \cdot \frac{\sum_{j \in liquid\ series} CR_j}{\#liquid\ series}$$

With α set to 0.8 initially. The level will be subject to subsequent adjustments.

That is, a Primary Dealer that only quotes in benchmark series cannot achieve a DCR higher than α independently of the number of benchmark series.

The monthly CR (MCR) is the sum of all DCR ratios divided by the total number of working days, i.e.

$$MCR = \frac{\sum_{d \in working\ days} DCR_d}{\#working\ days}$$

The number of working days may vary between Primary Dealers depending on holiday calendars. A Primary Dealer is compliant during a month if and only if his MCR is at least 85 per cent.

Section Q – Additional conditions for the admission of the State Agency in the Market Segment

1. Danmarks Nationalbank will be enabled on the DKT market making segment with the same technical setup as a Market Dealer – but allowed to insert single side quotes - in order to execute buy and sell trade transactions in Danish Government Securities, including activities of Government Debt Management, the Social Pension Fund and on its own account.
2. Danmarks Nationalbank will be enabled on the DKB & DKL market making segment with the same technical setup as a Market Dealer but allowed to insert single side quotes in order to execute buy and sell trade transactions in Danish Government Securities, including activities of Government Debt Management, the Social Pension Fund and on its own account.

Government Debt Management will in consultation with Primary Dealers assess the performance of Government Debt Management's buy and sell trade transactions on the DKB – DKL - DKT market making segment in its own name and on behalf of the

Social Pension Fund on an on-going basis. Government Debt Management may, decide after consulting with Primary Dealers, to amend the framework of Government Debt Management's buy and sell activity on its name and on behalf of the Social Pension Fund

3. T-Bill, Bond and Reverse Bond auctions are announced to the Primary Dealers by Danmarks Nationalbank and performed via MTS Denmark's auction system. Transactions are conducted in an issuing segment separate from the market making segment and only Primary Dealers and Government Debt Management have access to the issuing segment.

Government Debt Management, in consultation with Primary Dealers, assesses the functioning of the issuing segment on an on-going basis. Government Debt Management may decide, after consulting with Primary Dealers, to amend the framework for opening of new issues.

Section R – Additional conditions for the admission of Market Dealers and Market Makers

In accordance with article 4.a of MTSAM Common Governing Rules, an institution that wishes to be admitted to trading on MTSDk (i) as a Pure Domestic Player (PDP)¹ either by using “Telematico OnLine” (TOL) software or the open server or (ii) as a Market Dealer by taking advantage of the Reciprocal Access Agreement which is in place between MTSB, MTSFi and MTSDk or (iii) as a Maker Dealer which is not a PDP and which is not able to take advantage of the Reciprocal Access Agreement, must have a net worth, as calculated by its respective regulatory instructions for supervisory purposes of the institution, of at least 500 million DKK.

In accordance with article 5.a of MTSAM Common Governing Rules, an institution that wishes to be admitted to trading on MTSDk as a Market Maker or as a Single Market Specialist (SMS)², must have a net worth, as calculated by its respective regulatory instructions for supervisory purposes of the institution, of at least 1 billion DKK.

Section S – Fee Schedule

Please refer to MTSAM fee schedule (*email: mtsam@mtsam.com*)

Section T – Resignation of Market Dealers and Market Makers

As a deviation from set in article 8 of MTSAM Common Governing Rules, a Primary Dealer of the State Agency may resign from membership by giving no less than 1 month notice in writing to the Company.

A Market Taker may resign from membership giving not less than 3 months notice in writing to the Company.

Section U – Exceptional Market Circumstances

Since January, 2010, exceptional market circumstances cannot be decided by market participants. In the case of T-bills, participants can inform either MTS Denmark and/or the Danish National Bank if they judge any change has to be made to current quoting requirements. The Danish National Bank will then assess the situation and decide on what should be done. MTSAM will then communicate the Danish National Bank's decision to all participants.