

**Auction rules for the issue of Bonds and Bills of the  
European Financial Stability Facility (EFSF)  
(as of 1 February 2020)**

1. The European Financial Stability Facility (EFSF), referred to hereinafter as “EFSF”, offers Bonds and Bills of the EFSF for sale by auction through the Deutsche Bundesbank. The terms and conditions of each individual issue are announced together with the invitations to bid via press releases, financial information services and the Deutsche Bundesbank’s ESM/EFSF Bidding System (EBS). When carrying out the auctions and the settlement of the Bonds and Bills of the EFSF, the Deutsche Bundesbank acts in the name and for the account of the EFSF, which is the seller of the Bonds and Bills.
  
2. There are no restrictions on the range of potential buyers. However, only members of the “ESM/EFSF Market Group” determined by the EFSF, may participate in the auctions directly, provided that such members are either:
  - (a) German resident credit institutions, securities trading firms and securities trading banks pursuant to section 1 (1) and (3d) sentence 2 and sentence 3 of the German Banking Act and German branches of foreign enterprises pursuant to sections 53 and 53b of the German Banking Act, provided that they are authorised to engage in issuing business pursuant to section 1 (1) sentence 2 number 10 of the German Banking Act, or
  - (b) credit institutions within the meaning of Article 4 (1) number 1 of Regulation 2013/575/EU or investment firms within the meaning of Article 4 (1) number 1 subparagraph 1 of Directive 2014/65/EU which are domiciled in another member state of the European Union and render investment services and activities within the meaning of numbers 1 to 6 of Annex I, section A of this Directive if the enterprise is licensed by the competent authorities of the home state, the business it conducts is covered by the licence, the enterprise is supervised by the competent authorities in accordance with the Directives issued by the European Union and the enterprise is not exempt from the application of the Directive, or
  - (c) intra-Community branches of credit institutions authorised in a third country and the intra-Community branches of investment firms authorised in a third country within the meaning of the aforementioned Directive.

Participation in the auctions is also subject to the requirement that the delivery can be effected via a securities account at Clearstream Banking AG Frankfurt and the cash settlement can be carried out through TARGET2.

3. Applications for membership of the “ESM/EFSF Market Group” may be submitted to the EFSF at any time ([esm\\_market\\_group@esm.europa.eu](mailto:esm_market_group@esm.europa.eu)). Applicants have no legal right of admission to the “ESM/EFSF Market Group”. The “ESM/EFSF Market Group” members are expected to have submitted successful bids for at least 0.05% of the total issue

amounts allotted at auctions on a semi-annual basis. Weighting factors for the auctioned instruments apply. Those member institutions which fail to reach the required minimum share on a semi-annual basis will be deemed an “inactive member” and withdrawn from the group and their privileges will be automatically cancelled for the course of the following six months.

4. Bids are to be transmitted electronically through the Deutsche Bundesbank’s ESM/EFSF Bidding System (EBS) before the bidding deadline specified in the invitation to bid. The special terms and conditions for auction procedures of the Deutsche Bundesbank for auctions of Bonds and Bills of the EFSF using the ESM/EFSF Bidding System (EBS) shall apply.
5. Bids for fixed interest rate Bonds and Bills of the EFSF must be for a par value of no less than EUR 1 million or an integral multiple thereof and should state the price, as a percentage of the par value, at which the bidders are prepared to purchase the Bonds and Bills of the EFSF offered. No yield bids will be considered. The price bids for fixed interest rate Bonds of the EFSF with an original term to maturity of five years and longer must be expressed as full 0.01 percentage points. The price bids for fixed interest rate Bonds of the EFSF with an original term to maturity up to five years must be expressed as full 0.005 percentage points. The price bids for Bills of the EFSF must be expressed as full 0.00005 percentage points. It is possible to make non-competitive bids and to submit several bids at different prices.

The bidders are bound by their bids until allotment.

6. The bids for fixed interest rate Bonds and Bills of the EFSF which are accepted by the EFSF will be allotted at the price specified in the bid. Bids which are above the lowest price accepted by the EFSF will be allotted in full. Bids which are below the lowest accepted price will not be considered. Non-competitive bids are allotted at the weighted average price of the competitive bids accepted. The EFSF reserves the right to reject all bids, or to scale down bids quoting the lowest accepted price, and/or to scale down non-competitive bids. If bids are scaled down, there will be no minimum allotment. Bids which have been submitted on time but which, for technical reasons, have to be considered after the allotment will have no effect on the weighted average price of accepted bids which is relevant for settlement.

Bidders will be informed of the allotment immediately. The securities allotted will be settled on the value date specified in the invitation to bid. In principle the settlement will be effected in the night-time processing of Clearstream Banking AG Frankfurt in accordance with the terms and conditions of Clearstream for night-time processing.

The EFSF reserves the right to reopen the issues.

7. For any deviations from these auction rules, please see the invitation to bid concerned.

DEUTSCHE BUNDESBANK