



Brussels, 14.4.2021
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ANNEX

ANNEX

to the

COMMISSION DECISION (EU) .../...

on the establishment of the primary dealer network and the definition of eligibility criteria for lead and co-lead mandates for syndicated transactions for the purposes of the borrowing activities by the Commission on behalf of the Union and of the European Atomic Energy Community

ANNEX

1. FULFILMENT OF THE OBLIGATION TO PURCHASE A MINIMUM WEIGHTED AVERAGE OF 0.05% OF VOLUMES AUCTIONED BY THE UNION AND/OR THE EURATOM ON A SEMI-ANNUAL BASIS.

- (a) Auctions shall be carried out through an auction system operated by an auction provider selected by the Commission ('auction provider').
- (b) Participation in the auctions and purchase of auctioned debt securities shall take place in accordance with auction rules arranged by the auction provider and endorsed by the Commission. The primary dealers shall subscribe to the auction rules and comply with them.
- (c) It should be understood by all primary dealers, that they act and participate in the auctions at their own risk and that the Commission shall not be responsible in any manner for the decisions of any participant in the auctions and in particular for any losses, direct or indirect, arising in relation to any transaction entered into by such participants.
- (d) The primary dealers shall take all measures to ensure that they are able to participate in the auction, in particular conclude the contracts with the auction provider, complete any step and formality necessary to participate in the auctions, and have in place the technical infrastructure to participate.
- (e) The Commission shall not bear any costs or responsibility towards the primary dealer in relation to the contracts between the auction provider and the primary dealer or in relation to the technical infrastructure for the auction.
- (f) Primary dealers may only be dispensed from the fulfilment of their obligation under Article 5(a) in cases of force majeure, which shall in particular not comprise cases of malfunctioning or technical issues relating to the infrastructure.
- (g) The calculations of the volume purchased by primary dealers over the relevant 6-month period shall be weighted according to the following table:

Residual maturity	<3.5m	3.5m - 1Y	1Y - 4Y	4Y - 8Y	8Y - 12Y	12Y - 17Y	17Y - 23Y	>23Y
Coeff.	0,5	1	2,5	5,5	10	15	20	25

- (h) This calculation shall be applied for 6-month periods, running from January to June and from July to December, except for the first period, which shall run as of the date of the first auction until the end of the subsequent 6-month period.

2. REPORTING OBLIGATIONS

- (a) The primary dealers shall, on request, submit information on the risk limit that this primary dealer has set, for the purpose of its own position management, for the trading activity of the debt securities of the Union and the Euratom as well as on the extent to which the risk limit is used. The information to be submitted shall be specified in the request.

- (b) The primary dealers shall immediately notify the Commission in case it is subject to rating upgrades or downgrades by one of the external rating agencies recognised by ESMA in accordance with Article 18 (3) of Regulation (EC) 1060/2009¹.
- (c) The primary dealers shall promptly notify the Commission of non-compliance with any eligibility criterion laid down in Article 4.
- (d) The primary dealers shall submit to the Commission any change in contact details communicated through the application form by using the template attached to the application form within two weeks of the date when the change took effect.
- (e) The primary dealers shall submit to the Commission, on its request, any information relevant for the execution of its activities of primary dealer, in particular on its primary or secondary market activities related to the debt securities of the Union and the Euratom.

¹ Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ L 302, 17.11.2009, p. 1); the list is available at: <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>