

## **DEALER AGREEMENT**

between

AS LHV Pank

AB SEB bankas

Swedbank AS

Luminor Bank AS

Additional Dealers

and

Ministry of Finance of the Republic of Estonia

regarding the primary offering of Estonian Treasury Bills

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This Dealer Agreement (the “**Agreement**”) regarding the Treasury Bills („**ETBs**“) to be issued in accordance with the Estonian Treasury Bill Programme pursuant to the decree of No 1.1-4/45 of the Minister of Finance dated 15 March 2019, as amended on 5 November 2020 and as may be further amended from time to time, is made between

- (1) **AS LHV Pank**, a company registered in Republic of Estonia, registry code: 10539549, address: Tartu mnt 2, Tallinn 10145 (the “**Dealer I**”), represented by management board members Erki Kilu and Meelis Paakspuu;  
and  
**AB SEB bankas**, a company registered in Republic of Lithuania, registry code: 112021238, address: Gedimino ave. 12, LT-01103 Vilnius (the “**Dealer II**”), represented by Director of the Markets Department Rolandas Sungaila, acting in accordance with Power of Attorney;  
and  
**Swedbank AS**, a company registered in Republic of Latvia, registry code: 40003074764, address: Balasta dambis 15, LV-1048 Riga (the “**Dealer III**”), represented by Head of LC&I Markets Latvia Igors Melnikovs, acting in accordance with Register of Signatory Rights of Swedbank AS;  
and  
**Luminor Bank AS**, a company registered in Republic of Estonia, registry code: 11315936, address: Liivalaia 45, Tallinn 10145 (the “**Dealer IV**”), represented by Chief Executive Officer Erkki Raasuke;  
and  
**Additional Dealers** (as defined below);

all Dealers individually a “**Dealer**” and together the “**Dealers**”,

and

- (2) **Republic of Estonia** acting through the **Ministry of Finance of the Republic of Estonia**, address: Suur-Ameerika 1, Tallinn 10122, Estonia (the “**Ministry**”), represented by Secretary-General Veiko Tali; and

(each also a “**Party**” and together the “**Parties**”)

#### **WHEREAS:**

- A. The Ministry has, pursuant to the authority granted by the State Budget Act (in Estonian: *riigieelarve seadus*), the right to take financial obligations to the Republic of Estonia including by issuing ETBs;
- B. The Dealers are credit institutions that have been accepted by the Ministry as Dealers for the primary offering of ETBs to be issued by the Ministry on behalf of the Republic of Estonia and that have agreed to comply with the terms and conditions of this Agreement and with the terms and conditions of the Programme;

#### **NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

##### **1. Definitions**

The following capitalised terms and expressions in this Agreement shall have the following meanings:

“ <b>Accession Deed</b> ”	The deed whereby an Additional Dealer undertakes to become a Party to this Agreement and to adhere to the principles and obligations set out in this Agreement, as may be amended from time to time
“ <b>Additional Dealer</b> ”	Each new Dealer that has acceded to the Agreement in accordance with Clause 7.1.1
“ <b>Agreement</b> ”	This Dealer Agreement
“ <b>Bloomberg Auction System</b> ”	The auction system provided by Bloomberg Finance L.P. and accessible through the Bloomberg Terminal

<b>“Bloomberg Terminal”</b>	A computer software system provided by Bloomberg Finance L.P. that enables access to Bloomberg’s professional services, including the Bloomberg Auction System.
<b>“Dealer”</b>	Each credit institution appointed as a Dealer by the Ministry that has become a Party of this Agreement
<b>“ETB” or “Treasury Bill”</b>	Treasury Bills to be issued in accordance with the Programme
<b>“Information Memorandum”</b>	The information memorandum dated 15 March 2019, and as may be supplemented or replaced with a later information memorandum from time to time, issued by the Ministry and containing principal information on the Programme and ETBs
<b>“Invitation”</b>	The invitation to submit bids for purchase of ETB’s sent by the Ministry to Dealers
<b>“Issue of ETBs”</b>	A particular issue of ETB’s identified as such by the Ministry in the Invitation sent to Dealers where all ETBs issued on the basis of the same Invitation have the same settlement date and redemption date
<b>“Ministry”</b>	The Ministry of Finance of the Republic of Estonia
<b>“Programme”</b>	The Estonian Treasury Bill Programme approved by the decree No 1.1-4/45 of the Minister of Finance dated 15 March 2019, as may be amended from time to time

## **2. Issuance**

- 2.1. ETBs are sold directly to Dealers using the method set out in the Invitation. Where ETBs are sold by auction, the auctions shall take place in the form of a competitive bidding procedure where each bid includes the requested yield expressed in terms of a simple annual interest rate. Bids that do not comply with requirements set out in Invitation or where yield is not stated as annual interest rate are not accepted and will be rejected by the Ministry.

## **3. Invitations and bids**

- 3.1. The Ministry shall send Invitations to the Dealers by e-mail. As a rule, Invitations shall be sent out three business days before the contemplated submission date. In case it deems necessary the Ministry shall have the right to send out Invitations less than three business days before the contemplated date for submission of bids. The Invitation shall contain at least the following information in respect of each particular Issue of ETBs:

- (a) name of series and/or ISIN code;
- (b) settlement date;
- (c) redemption date;
- (d) nominal value of ETB’s offered;
- (e) total amount of offering (sum of nominal values of ETB’s offered);
- (f) deadline for submission of bids.

- 3.2. Bids shall be submitted by e-mail, according to the formal requirements set out in the Invitation.

### **3.2.1. Bids shall contain the following information:**

- (a) Reference to the relevant Invitation;
- (b) name of series and/or ISIN code;
- (c) redemption date;
- (d) total nominal value of ETB’s for which the bid is made, stated as one million euros or multiples of one million euros that may not exceed the total amount of the respective ETB’s with the same maturity (redemption date) being offered;

- (e) requested yield, expressed in terms of simple annual interest rate stated to a maximum of three decimal places, which could be greater than zero, less than zero or zero;
  - (f) name of the duly authorised person making the bid on behalf of the Dealer.
- 3.2.2. Multiple bids per Dealer may be submitted for the ETBs with the same redemption date unless otherwise set out in the Invitation.
- 3.2.3. The Ministry will confirm the receipt of a bid to the Dealer.
- 3.2.4. The Ministry has the right to reject bids that do not meet the requirements set out in the Invitation or in Clause 3.2.1.
- 3.3. Contact details for submitting Invitations and for submission of bids are the following:
  - (a) The Ministry; e-mail: [treasury@fin.ee](mailto:treasury@fin.ee)
  - (b) Dealer I; e-mail: [treasury@lhv.ee](mailto:treasury@lhv.ee)
  - (c) Dealer II; e-mail: [brokerage@seb.lt](mailto:brokerage@seb.lt)
  - (d) Dealer III; e-mail: [fxfisales@swedbank.lv](mailto:fxfisales@swedbank.lv)
  - (e) Dealer IV; e-mail: [fixedincome@luminor.lt](mailto:fixedincome@luminor.lt); [treasuryfo@luminor.ee](mailto:treasuryfo@luminor.ee)
- 3.4. A notice regarding amendment of contact details for submission of Invitations and bids shall be submitted to other Parties to the Agreement at least 5 business days in advance.
- 3.5. Notwithstanding Clauses 3.1 to 3.4, the Ministry shall have the right to elect to use the Bloomberg Auction System for carrying out an auction. In such case, the auction and all relevant steps shall take place through the Bloomberg Auction System, including that invitations shall be sent, information in respect of each Issue of ETBs shall be provided, and bids shall be submitted, through the Bloomberg Auction System.

#### **4. Allotments**

- 4.1. Upon expiry of the bidding period set out in the Invitation, the bids for the respective maturity are ranked on the basis of the requested yields proposed by bidding Dealers. ETBs are allotted first to the bid containing the lowest interest rate and then successively to bids with rising interest rate until the total amount of offering for the respective Issue of ETBs with the given maturity has been fully allocated (sold). Should it be necessary, in order to prevent the total amount of offering for the respective maturity from being exceeded, allotments may be scaled down for the bid with the highest accepted interest rate, or in the case of several bids with the same interest rate, in proportion to the total nominal value of ETBs requested by the respective Dealer(s). In the event of scaling down, the allotted total nominal value of ETBs will be rounded down to a multiple of one million euros. Any remaining bids will not receive an allotment.
- 4.2. The Ministry shall have the right to reject bids above any interest rate, even if this would mean that the total amount of ETBs on offer for the respective maturity is not fully allocated and sold, or no allotments at all are made. The Ministry shall have the discretionary right to modify the actual total amount of the issuance indicated in the Invitation also after receipt of bids or renounce the sale of an Issue of ETB's after receipt of bids.
- 4.3. After the deadline for the submission of bids the Ministry shall notify each Dealer by e-mail or through the Bloomberg Auction System of whether it accepts the Dealer's offer and the total nominal value of ETB's allocated to the Dealer. The Dealer shall be obliged to acquire the ETBs so allocated to it.

If the results of the sale have not been reported by the Ministry within 60 minutes from the deadline for the submission of bids the Dealer shall no longer be bound by its bid.

- 4.4. The Ministry shall perform necessary operations to register ETBs in the Estonian Register of Securities and cover the corresponding costs.

## **5. Settlement**

- 5.1. Payment for the allocated ETBs is made on the settlement date. Payment amount is calculated by the use of the following formula:

$$P = N / (1 + (i/360) \times n)$$

Where:

- (a) P = price
  - (b) N = nominal value
  - (c) i = interest rate in the allotted bid (in percentage)
  - (d) n = number of days from the settlement date until the redemption date
- 5.2. Settlement for the allocated ETBs will normally take place on the second business day following the trade date (T+2) on a delivery versus payment basis unless otherwise set out in the Invitation.

## **6. Rights and Obligations of the Dealer:**

- 6.1. A Dealer shall have the following obligations:

- 6.1.1. To make all bids in its own name;
- 6.1.2. On a best effort basis to provide competitive bids that correspond to prevailing market conditions;
- 6.1.3. To be able to submit its auction bids through the Bloomberg Auction System and to comply with the rules of auction set by the Ministry and the rules of the Bloomberg Auction System when participating in an auction;
- 6.1.4. Not to withdraw or amend the submitted bid within 30 minutes after the deadline for submission of bids set out in the Invitation;
- 6.1.5. To ensure that bids submitted are signed or entered in the Bloomberg Terminal by a duly authorised representative of the Dealer and do not contain any errors. Each Dealer shall bear liability for any errors in its bid (including obligation to acquire ETBs allotted to it on the basis of a bid submitted on behalf of it in accordance with the terms set out in an Invitation and accepted by the Ministry);
- 6.1.6. To acquire the allocated total nominal value of ETB's even if the allocated total nominal value of ETB's is less than the total nominal value of ETBs requested in the bid;
- 6.1.7. To cover all its costs associated with participation in auctions, the purchasing of ETBs and the performance of obligations arising from this Agreement;
- 6.1.8. To immediately notify the Ministry of any factors or circumstances that may potentially affect its ability to fulfil this Agreement or have any other possible negative effect on the issuing or sale, primary or secondary, of the ETBs, including any reputational risk to the Ministry, to the Government of Estonia or to the Republic of Estonia;
- 6.1.9. To comply with all applicable laws, rules and regulations, including rules and restrictions set out in the Information Memorandum as well as rules related to anti-money laundering, taxation and capital markets in general and specifically those related to offering and

distribution of securities on a secondary market. In particular, each Dealer shall ensure and bear liability for ensuring that resale of ETBs is carried out in accordance with the rules applicable in each respective jurisdiction where it offers ETBs or to residents or citizens of which it offers ETBs.

- 6.2. A Dealer has the right to:
  - 6.2.1. Receive Invitations and to participate in auctions for the purchase of ETBs on the same terms and conditions with other Dealers;
  - 6.2.2. Receive information on the Ministry's quarterly and annual funding needs by e-mail.
- 6.3. A Dealer may terminate the Agreement by giving a 30 days' written notice of termination to the Ministry.
- 6.4. The obligations of each Dealer under the Agreement are several. No Dealer is responsible for the obligations of any other Dealer under the Agreement. Failure by any Dealer to perform its obligations under the Agreement does not affect the obligations of any other Dealer under the Agreement.

## **7. Rights and Obligations of the Ministry:**

- 7.1. The Ministry shall have the following rights:
  - 7.1.1. To approve, without prior notification or consent by the Dealers, the accession of a new Dealer ("**Additional Dealer**") to the Agreement. An Additional Dealer is deemed to have acceded to this Agreement after it has executed the Accession Deed in the form of **Schedule 1** of this Agreement whereby it confirms acceptance of the terms and conditions of this Agreement and its readiness and obligation to be bound by them and the Ministry has accepted the accession in writing.
  - 7.1.2. The Ministry has the right to terminate the Agreement in respect of all Dealers or in respect of a Dealer by giving a 30 days' written notice of termination to all Dealers or to the relevant Dealer respectively.
  - 7.1.3. In case a Dealer fails to perform any of its obligations in accordance with the Agreement the Ministry has the right to immediately suspend the Dealer's rights arising from the Agreement for an indefinite period.
  - 7.1.4. All Parties expressly agree and accept that the Ministry has the right to amend the terms of the Agreement unilaterally. The Ministry shall inform all Dealers of a proposed amendment in writing. Within 15 business days from receipt of a proposal from the Ministry a Dealer may, by giving the Ministry a written notice 15 business days in advance, terminate the Agreement. Upon the expiry of this deadline, any Dealer who has not notified the Ministry of its decision to terminate the Agreement shall be deemed to have consented to the amendments proposed by the Ministry.
  - 7.1.5. In case a Dealer transfers all or substantially all of its assets to another entity as a result of consolidation, amalgamation or merger the new entity shall assume the Dealer's rights only upon written approval of the Ministry.
  - 7.1.6. The Ministry shall have the right to publish names of Dealers on its website.
- 7.2. The Ministry shall be obliged to:
  - 7.2.1. Treat all Dealers equally;
  - 7.2.2. Provide information on the Ministry's quarterly and annual funding needs to all Dealers at request;

7.2.3. Consult with Dealers on ETBs issuance calendar if regular auctions of ETBs are introduced.

## **8. Information and reporting**

8.1. The Ministry shall have the right to request any Dealer to provide the following information:

- (a) Information on transactions with the ETBs. Reporting requirements shall be based on harmonized reporting format as agreed in co-operation with European debt managers or based on any other reasonable reporting needs of the Ministry.

8.2. The Ministry shall have the right to publish auction results of ETBs, including the following details, on the Ministry's website as well as otherwise as deemed appropriate by the Ministry:

- (a) total value of bids;
- (b) highest yield in allocated bids;
- (c) number of Dealers that participated in auction.

8.3. The Ministry shall have the right to publish the Dealer Agreement on the Ministry's website as well as otherwise as deemed appropriate by the Ministry.

## **9. Governing law and jurisdiction**

9.1. The Agreement and any obligations arising out of or in connection with it are governed by and shall be construed in accordance with the laws of Estonia. Any dispute which may arise between the Parties hereto in connection with this Agreement and any non-contractual obligations arising out of or in connection with the foregoing that cannot be resolved amicably shall be subject to the exclusive jurisdiction of Harju County Court (*Harju Maakohus*) and the Parties hereby submit to the jurisdiction of Harju County Court.

## **10. Force Majeure**

10.1. A Party shall not be responsible for any failure to comply with the terms of this Agreement and for any damage caused by such failure if this is caused by:

- (a) actions of authorities, war or threat of war, revolt or civil unrest;
- (b) a disturbance in postal, telephone or computer traffic, electronic communications or electric power supply that affects essentially the operations of the relevant Party;
- (c) a delay or interruption of the operations or action of the relevant Party, caused by fire or another comparable accident a labour dispute, strike, blockade, boycott, lockout or any other comparable action that affects essentially the operation of such Party; or
- (d) another comparable force majeure situation that unreasonably hampers the operations of the relevant Party.

## **11. Amendments**

11.1. Subject to provisions of Clauses 7.1.1 and 7.1.4, any amendments to the Agreement proposed by any party other than the Ministry become effective when agreed by all Parties in writing.

## **12. Notifications and Contacts**

12.1. Each Dealer shall provide the Ministry with a list of persons in the Dealer's organisation that are authorised to submit bids on behalf of the Dealer together with their e-mail addresses and telephone numbers in the form enclosed to this Agreement as **Schedule 2**. Each Dealer shall notify the Ministry immediately of any changes in the list so provided. Until receipt of the relevant notice the Ministry



shall be authorised to rely on the list of authorised representatives submitted to it pursuant to this Clause.

12.2. Notifications regarding the Agreement and changes in details of authorised representatives pursuant to Clause 12.1 shall be sent by e-mail or post to:

(a) The Ministry:

Attn: State Treasury  
Ministry of Finance of the Republic of Estonia  
Suur-Ameerika 1, Tallinn 10122  
Estonia  
[treasury@fin.ee](mailto:treasury@fin.ee)

(b) Dealer I:

Attn: Treasury  
AS LHV Pank  
Tartu mnt 2, Tallinn 10145  
Estonia  
[treasury@lhv.ee](mailto:treasury@lhv.ee)

(c) Dealer II:

AB SEB bankas  
Gedimino ave. 12, LT-01103 Vilnius  
Lithuania  
[info@seb.lt](mailto:info@seb.lt)

(d) Dealer III:

Attn: LC&I Markets Latvia  
Swedbank AS  
Balasta dambis 15, LV-1048 Riga  
Latvia  
[fxfisales@swedbank.lv](mailto:fxfisales@swedbank.lv)

(e) Dealer IV:

Luminor Bank AS Lithuanian branch  
Konstitucijos pr. 21A, 03601 Vilnius  
Lithuania  
[fixedincome@luminor.lt](mailto:fixedincome@luminor.lt)

12.3. Notifications regarding amendment of contact details set out in Clause 12.2 shall be submitted with at least 5 business days in advance of the respective change.

**13. Entry into force**

13.1. The Agreement will become effective as from 25.04.2019.

13.2. This Agreement has been signed digitally.

**IN WITNESS THEREOF**, the Parties have signed this agreement on the date displayed in digitized signature

Ministry of Finance of the Republic of Estonia:

AS LHV Pank:

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Veiko Tali

Erki Kilu

AS LHV Pank:

AB SEB bankas:

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Meelis Paakspuu

Rolandas Sungaila

Swedbank AS:

Luminor Bank AS:

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Igors Melnikovs

Erkki Raasuke

**SCHEDULE 1**  
**Form of Accession Deed**

**To:** The Ministry of Finance of the Republic of Estonia

**From:** [Name of the Party]

**Dated:** [date]

**DEALER AGREEMENT**

Dated \_\_\_\_ \_\_\_\_ 2019

Dear Sir/Madam,

1. We refer to the Dealer Agreement dated \_\_\_\_ \_\_\_\_ 2019. This deed (the "**Accession Deed**") shall be deemed an Accession Deed for the purposes of the Dealer Agreement. Terms defined in the Dealer Agreement have the same meaning in paragraphs 1-3 of this Accession Deed unless given a different meaning in this Accession Deed.
2. [Name] agrees to become an Additional Dealer and to be bound by the terms of the Dealer Agreement including with all obligations of a Dealer set out in the Dealer Agreement as well as in the Information Memorandum and other documents related to the Estonian Treasury Bill Programme and as set out in Clause 6.1 of the Dealer Agreement. [Name] is a company duly incorporated under the laws of [name of relevant jurisdiction] and is a [credit institution] with the registration number [ ] in the [name of the relevant register].
3. [Name's] contact details for the purposes of the Dealer Agreement are as follows:
  - Postal address:
  - E-mail address:
  - Attention:
4. This Accession Deed and any obligations arising out of or in connection with it are governed by substantive Estonian law.

THIS ACCESSION DEED has been signed on behalf of the Additional Dealer on the date stated above.

**[Name]**

  

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**SCHEDULE 2**  
**List of Authorised Persons**

**[Name of the Dealer]**

**Dated:**

**DEALER AGREEMENT**  
Dated \_\_\_\_ \_\_\_\_ 2019

1. We refer to the Dealer Agreement dated \_\_\_\_ \_\_\_\_ 2019. Please find below the list and contact details of persons that are duly authorised to submit bids on behalf of [name of the Dealer] to the Ministry of Finance of the Republic of Estonia.

	<b>Name of Authorised Person</b>	<b>E-mail address</b>	<b>Phone no</b>
1.			
2.			
3.			
4.			
5.			
6.			

**[Name]**

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