



KÄSKKIRI

15.03.2019 nr 1.1-4/45

**Eesti riigi lühiajaliste võlakirjade raamistiku
kinnitamine**

Riigieelarve seaduse § 70 lõigete 2 ja 3 ning Vabariigi Valitsuse 22. detsembri 2011. a määruse nr 177 “Rahandusministeeriumi põhimäärus” § 9 punktide 3 ja 4 alusel, arvestades Vabariigi Valitsuse 21. märtsi 2014. a määruse nr 44 “Riigi rahavoo juhtimise ja stabiliseerimisreservi haldamise põhimõtted” § 4 lõike 1 punkti 4:

1. Kinnitan Eesti riigi lühiajaliste võlakirjade raamistiku (*Estonian Treasury Bill Programme, Information Memorandum*) (lisatud).

2. Volitan punktis 1 nimetatud võlakirjade raamistiku alusel rahavoo juhtimise vajadusest lähtuvalt võlakirjaemissioone läbi viies riigile võlakohustusi võtma, emiteeritud võlakirju riskide ja kulude juhtimise eesmärgil enne tähtaega tagasi ostma ning eeltoodud toimingutega seonduvaid dokumente Nasdaq CSD SE Eesti filiaalile esitama järgmised ametnikud:

- 1) Margus Maidla – Rahandusministeeriumi riigikassa osakonna peaspetsialist;
- 2) Aive Zirk – Rahandusministeeriumi riigikassa osakonna peaspetsialist.

(allkirjastatud digitaalselt)

Toomas Tõniste
rahandusminister

Lisa: *Estonian Treasury Bill Programme, Information Memorandum*

Lisa

Republic of Estonia

ESTONIAN TREASURY BILL PROGRAMME

Information Memorandum

Arranger

Ministry of Finance of the Republic of Estonia

Issuing and Paying Agent

Ministry of Finance of the Republic of Estonia

Ministry of Finance of the Republic of Estonia

Banks appointed by the Ministry of Finance of the Republic of Estonia

as Dealers

The Treasury Bills of the Republic of Estonia (“ETBs”) have not been and will not be registered under the US Securities Act of 1933, as amended (the Securities Act), and, subject to certain exceptions, the ETBs may not be offered or sold within the United States.

This information memorandum dated March 15, 2019 and as supplemented from time to time (the “**Information Memorandum**”) relates to the issuance by the Republic of Estonia acting through the Ministry of Finance of the Republic of Estonia of the treasury bills of the Republic of Estonia (“**ETBs**”).

The purpose of this Information Memorandum is to give preliminary information in relation to the ETBs to be issued from time to time under the treasury bill programme of the Republic of Estonia (the “**Programme**”).

Potential purchasers should determine for themselves the relevance of the information contained in this Information Memorandum, and their interest in the purchase of any ETBs should be based upon such investigation as they themselves deem necessary.

The Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Republic of Estonia or the Dealers (as defined below) or to any other person to subscribe and purchase the ETBs. Offering of ETBs or any rights in respect of ETBs may be restricted by law in certain jurisdictions. Investors shall be obliged to observe any such restrictions by themselves and the Issuer and the Dealers have no responsibility in this respect.

This Information Memorandum does not constitute and may not be used for the purpose of an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this Information Memorandum and the offering for sale of the ETBs in certain jurisdictions may be restricted by law. Any persons into whose possession this Information Memorandum comes are required by the Issuer and the Dealers to inform themselves of, and to observe, any such restrictions. In particular, such persons are required to comply with the restrictions on offers or sales of ETBs and with the restrictions on distribution of this Information Memorandum and other information in relation to the ETBs set out under Selling Restrictions below.

No application will be made at any time to list the ETBs on any stock exchange.

ETBs have not been and will not be registered under the United States Securities Act of 1933, as amended. Subject to certain exceptions, ETBs may not be offered or sold within the United States.

This Information Memorandum does not comprise a prospectus for the purposes of applicable law, including the Estonian Securities Market Act, Directive 2003/71/EC, Commission Regulation (EC) 809/2004 and Commission Regulation (EU) 1129/2017 as may be applicable and amended from time to time.

Prospective purchasers of ETBs are advised to consult their own legal and/or tax advisers as to Estonian and other tax consequences of the purchase, ownership and disposal of ETBs.

ETBs will be offered and sold under prevailing market conditions and are subject to any applicable selling restrictions. Each prospective investor is advised to consult legal advisers as to whether it/he/she is allowed to acquire ETBs.

CONTENTS

PROGRAMME SUMMARY	4
1. GENERAL PROVISIONS	5
2. ISSUANCE	5
3. REDEMPTION	6
4. FORCE MAJEURE	7
5. TAXATION	7
6. NOTICES	9
7. GOVERNING LAW AND JURISDICTION	9
8. SELLING RESTRICTIONS	9

PROGRAMME SUMMARY

Issuer	Republic of Estonia acting through the Ministry of Finance
Dealers	Ministry of Finance of the Republic of Estonia and banks included by the Ministry of Finance in the list of recognised dealers set out at the website of the Ministry of Finance
Issuing and Paying Agent	Ministry of Finance of the Republic of Estonia
Programme size and currency	EUR 400,000,000
Tenor	Between 1 and 364 days
Minimum denomination	EUR 100,000, and in multiples of EUR 100,000
Yield basis	ETBs will be issued as zero-coupon notes
Form	ETBs will be issued in dematerialised form and will be registered as book entry securities in the Estonian Register of Securities (<i>Eesti väärtpaberite register</i>)
Delivery	ETBs will be delivered to securities accounts opened with the Estonian Register of Securities
Selling restrictions	Offers and sales of the ETBs will be subject to certain restrictions set out below
Governing law	ETBs and any relations regarding ETBs will be governed by Estonian law
Register	The Estonian Register of Securities (<i>Eesti väärtpaberite register</i>), administered by Nasdaq CSD SE Eesti filiaal pursuant to Securities Register Maintenance Act (<i>Väärtpaberite registri pidamise seadus</i>)

1. GENERAL PROVISIONS

- 1.1. ETBs are issued by the Republic of Estonia acting through the Ministry of Finance of the Republic of Estonia. ETBs are issued by the Ministry of Finance on behalf of and in the name of the Republic of Estonia pursuant to the authority granted by the State Budget Act (*riigieelarve seadus*).
- 1.2. Obligations under the ETBs are direct, unconditional, unsecured and general obligations of the Issuer. Obligations under the ETBs rank *pari passu* without any preference among themselves and with all other unsecured present and future obligations of the Issuer.
- 1.3. ETBs issued have a maximum term of 364 days. ETBs will be issued in euros with a nominal value of EUR 100,000 or multiples thereof.
- 1.4. ETBs are issued at a discount to nominal value (or at a premium or at par value) and redeemed at nominal value, with no payment of interest by the Issuer.
- 1.5. Each ETB will be identified by an ISIN code. Issues of ETBs having the same maturity date may be given the same ISIN code and treated by the Issuer as a single issue of ETBs.
- 1.6. The terms of each issue of ETBs will be expressed in the summary of final terms published at the website of the Ministry of Finance after the issuance ("**Final Terms**"). A copy of the Final Terms is also provided to each of the Dealers that participated in the relevant tender and to the Register.
- 1.7. The Issuer has a right, subject to any conditions of sale agreed with the seller, to purchase or otherwise acquire ETBs and, at the option of the Issuer, such ETBs may be held to maturity by the Issuer or cancelled without notice or resold.
- 1.8. Neither this Information Memorandum nor any ETB is or will be registered with the Estonian Financial Supervisory Authority (*Finantsinspektsioon*) and issues of ETBs are not public offerings of securities as described in the Securities Markets Act (*väärtpaberituru seadus*) of the Republic of Estonia. It is not anticipated that ETBs will be listed on any stock exchange.
- 1.9. ETBs are issued in dematerialised form and registered in book entry form in the Register.

2. ISSUANCE

- 2.1. The maximum balance of outstanding ETBs is EUR 400,000,000.
- 2.2. The Issuer offers ETBs (and issuance is limited) to recognised Dealers. The list of recognised Dealers is reviewed from time to time by the Issuer. The list is published at the website of the Ministry of Finance. The Ministry of Finance of the Republic of Estonia may act as a Dealer of ETBs.
- 2.3. The procedures for primary offering of ETBs will be determined by agreement between the Issuer and the Dealers.

- 2.4. Issue price of ETBs is calculated according to the following formula:

$$\text{present value} = \frac{\text{nominal value}}{1 + (i/360) \times n}$$

Where:

i = interest rate (in percentage)

n = number of days from the settlement date until the maturity date

- 2.5. Settlement for the allocated ETBs will take place on the second business day in Tallinn following the trade date (T+2) on a delivery versus payment basis, unless otherwise set out in the invitation to Dealers.

3. REDEMPTION

- 3.1. As a redemption payment, the Issuer will pay the nominal value of ETBs on the date specified as the redemption date in the Final Terms in connection with the relevant issue of ETBs (**“Redemption Date”**).
- 3.2. Redemption payments will be made to persons who are registered as owners of relevant ETBs according to the Register at 8 a.m. Tallinn time on the Redemption Date (**“Investors”**). ETBs will be considered duly redeemed after the Ministry of Finance has executed a transfer of the redemption payments to the Investors on the Redemption Date.
- 3.3. All payments to Investors in respect of ETBs on behalf of the Issuer will be made by the Ministry of Finance of the Republic of Estonia.
- 3.4. All payments to be made by the Issuer in connection with ETBs shall be calculated and paid without netting or any other deductions or withholdings, except when such netting, deduction or withholding is prescribed by applicable legal acts of the Republic of Estonia. In the event of any netting or deduction or withholding being made, the Issuer will not gross up any amount on the relevant payment.
- 3.5. In the event that any Redemption Date specified for any issue of ETBs in the Final Terms is not (i) a business day in Tallinn or (ii) a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System is operating, the relevant payment will be made on the next succeeding day that is a business day in Tallinn or a day on which the TARGET2 System is operating, without any interest or other sum being payable in respect of the delay in payment.

4. FORCE MAJEURE

- 4.1. Neither the Republic of Estonia nor the Ministry of Finance will take responsibility for any damage caused by delay in any payment on ETBs which has been caused by:
- a) actions of another authority, war or threat of war, revolt or civil unrest;
 - b) a disturbance in postal, telephone or computer services, electronic communication or electric power supply that affects essentially the operation of the Ministry of Finance;
 - c) an interruption of the operation or action of the Ministry of Finance or delay caused by fire or any other contingency event;
 - d) a labour dispute, strike, blockade, boycott, lockout or any other comparable action that affects essentially the operation of the Ministry of Finance; or
 - e) another comparable force majeure situation that unreasonably hampers the operation of the Ministry of Finance.

5. TAXATION

- 5.1. The following is a general description of certain tax considerations relating to ETBs. It does not purport to be a complete analysis of all tax considerations relating to ETBs. Prospective purchasers of ETBs should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding, redeeming and disposing of ETBs and receiving payments under ETBs and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Programme and is subject to any change in law that may take effect after such date.

Taxation of interest in Estonia

Estonian Resident ETB holders

- 5.2. Under Article 17(1) of the Estonian Income Tax Act (the "ITA"), income tax at the rate of 20 per cent. is charged on all interest received by natural persons who are resident in Estonia. The difference between the issue price and the redemption price of a debt instrument (including ETB-s) is also considered and taxed as interest in Estonia.
- 5.3. Income tax payable in respect of interest payments to be made to Estonian residents under ETBs is to be withheld by the Issuer. The Issuer will not withhold income tax if the Estonian resident ETB holder, who is a natural person, has notified the Issuer that the interest was received on financial assets acquired for money held in an investment account.
- 5.4. Interest income earned by resident legal entities is not subject to income tax. Such income is included in their profits and taxed upon distribution of profit pursuant to the respective procedures.

Non-resident ETB holders

- 5.5. The Issuer does not withhold any income tax on interest payments from ETBs made to non-residents (i.e. non-resident legal persons who do not have a registered permanent establishment in Estonia, and/or natural persons).
- 5.6. The income earned by non-resident ETB holders is not subject to taxation in Estonia but may be subject to taxation in their country of residence.

Taxation of capital gains in Estonia

Estonian Resident ETB holders

- 5.7. The income earned by resident individuals from the sale or exchange of ETBs is taxed as profit from the transfer of property which is subject to income tax at the rate of 20 per cent. An ETB holder has to declare the income and pay the income tax.
- 5.8. Pursuant to Article 37(1) of the ITA, a resident individual has the right to deduct certified expenses directly related to the sale of ETBs from the resident's gain or to add such expenses to the resident's loss. The gain or loss derived from the transfer of ETBs is the difference between the acquisition cost and the sale price of the ETBs.
- 5.9. Individual ETB holders may postpone the taxation of their income derived from the sale or exchange of ETBs, by using an investment account for the purposes of making transactions with ETBs and depositing the proceeds from the transfer of ETBs in the investment account. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid in to the account).
- 5.10. Income earned by resident legal entities from the sale of ETBs is not subject to income tax. Such income is included in their profits and taxed upon distribution of profits pursuant to relevant procedures.

Non-resident Noteholders

- 5.11. Income earned from the sale or exchange of ETBs is not subject to income tax in Estonia by non-resident ETB holders (i.e. non-resident legal persons who do not have a registered permanent establishment in Estonia, and/or natural persons).
- 5.12. The income earned by non-resident ETB holders may be subject to taxation in their country of residence.

6. NOTICES

All notices and documents addressed to the Issuer should be submitted in written format, using the following official contact information of the Issuer:

Attn: State Treasury
Ministry of Finance of the Republic of Estonia
Suur-Ameerika 1, Tallinn 10122
Estonia
info@fin.ee

7. GOVERNING LAW AND JURISDICTION

- 7.1. ETBs and any rights or obligations arising from ETBs are governed by Estonian law.
- 7.2. All disputes arising from ETBs that cannot be resolved amicably will be resolved in the Harju County Court (*Harju Maakohus*) as the court of first instance.

8. SELLING RESTRICTIONS

8.1. General

This Information Memorandum and issuing of ETBs by the Ministry of Finance is not intended to be a public offering of securities in Estonia or in any other jurisdiction.

All applicable laws and regulations must be observed in any jurisdiction in which ETBs may be offered, sold or delivered. No person may directly or indirectly offer, sell, resell, re-offer or deliver ETBs or distribute this Information Memorandum or any other circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

Each purchaser of ETBs must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or re-sells ETBs or possesses or distributes this Information Memorandum or any Final Terms or any part of such document and must obtain any consent, approval or permission required from it for the purchase, offer or re-sale of ETBs under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchase, offer or sale and neither the Issuer nor any Dealer shall have any responsibility therefor.

Each Dealer must comply with all applicable laws and regulations in force in any jurisdiction in which it offers or sells ETBs or possesses or distributes this Information Memorandum or any Final Terms or any part of such document and must obtain any consent, approval or permission required by it for the offer or sale of ETBs under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offer or sale and the Issuer shall not have any responsibility therefor.

Some of the Dealers who participate in the securities distribution may engage in other transactions with, or perform other services for, the Issuer in the ordinary course of business, for which they have received or will continue to receive customary compensation.

These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealer following a change in the relevant law, regulation or directive. Any such modification will be set out in the applicable supplement to this Information Memorandum. This summary is for guidance only.

8.2. Estonia

Offering of ETBs has not been and will not be registered or otherwise authorised under the Securities Market Act, as amended, as a public offering (*avalik pakkumine*) of securities, and no offer of any ETBs in Estonia shall constitute a public offering of securities pursuant to applicable Estonian law.

This Information Memorandum has not been prepared to comply with the standards and requirements applicable to offering prospectus (*prospekt*) pursuant to the Estonian Securities Market Act, Directive 2003/71/EC, Commission Regulation (EC) 809/2004 and Commission Regulation (EU) 1129/2017 as may be applicable and amended from time to time or the relevant implementing legislation.

The ETBs cannot be offered or sold in Estonia by means of any document to any persons other than pursuant to exemption regarding public offering of securities set out in Article 12(2) of the Securities Market Act, and may not be offered, sold, advertised, distributed or marketed in Estonia in circumstances other than set out in Article 12(2) of the Securities Market Act.

No action has been taken or will be taken to authorise an offering of the ETBs as a public offering of securities in Estonia and the distribution of this Information Memorandum has not been approved or authorised by the Estonian Financial Supervision Authority. This Information Memorandum may not include all the information that is required to be included in a prospectus in connection with an offering of securities to the public.

8.3. United Kingdom

Each Dealer has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any ETBs in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any ETBs in, from or otherwise involving the United Kingdom.

8.4. United States of America

The ETBs have not been and will not be registered under the US Securities Act of 1933, as amended (the Securities Act), and, subject to certain exceptions, the ETBs may not be offered or sold within the United States.