

**MINISTRY OF FINANCE OF UKRAINE**

**ORDER**

**21/07/2009**

**no.918**

Kyiv

**On Approving the Composition of the  
Commission on Selection and Functioning of  
Primary Dealers and Model Agreement on  
Cooperation in the Government Securities Market**

Pursuant to the Decree of the Cabinet of Ministers of Ukraine dated 14.04.2009 No. 363 "On Introducing Primary Dealership in the Domestic Government Securities Market" and Procedure for Selection and Functioning of Primary Dealers approved by the Order of Cabinet of Ministers of Ukraine dated 10.06.2009 No. 757 registered at the Ministry of Justice of Ukraine on 03.07.2009 under reference No. 596/16612 and with the aim to select primary dealers by the Ministry of Finance of Ukraine and conclude agreements with primary dealers on cooperation in the government securities market.

**I HEREBY ORDER:**

1. To establish the commission to select and evaluate primary dealers, whose membership is provided as annex 1 to this Order.
2. To approve model cooperation agreement in the government securities market in accordance with annex 2 to this Order.
3. Control over fulfillment of this Order shall be charged with Deputy Minister of Finance A.M. Kravets.

**Deputy Minister**

**V. MATVIYCHUK**

Appendix 1 to the  
Order of the Ministry of Finance of Ukraine  
dated 21.07.2009 no.918

Members  
of the Commission on Selection and Evaluation of the Primary Dealers Activities

- Kravets A.M. – Deputy Minister, Chairman
- Bashynska O.M. – Director of Sovereign Debt Department, Deputy Chairman
- Kotovych T.G. – Deputy Head of Capital Markets Section, Secretary
- Beradze K.R. – Deputy Director of Sovereign Debt Department - Head of Capital Markets Section, Commissioner
- Vovchuk G.P. – Head of Contract Work Section, Legal Support Department, Commissioner

MODEL AGREEMENT  
ON COOPERATION IN GOVERNMENT SECURITIES MARKET

City of Kyiv  
\_\_\_\_\_ 2009

" \_\_\_\_ "

Ministry of Finance of Ukraine represented by \_\_\_\_\_,  
acting pursuant to \_\_\_\_\_ hereinafter referred to  
as "**Minfin**," on one side and \_\_\_\_\_  
"\_\_\_\_\_", represented by \_\_\_\_\_,  
acting pursuant to \_\_\_\_\_ hereinafter referred to  
as the "**Dealer**", on the other side, hereinafter together referred to as the "Parties"  
and, individually, as the "Party,"

with due regard to provisions of Resolution of the Cabinet of Ministers of  
Ukraine dated April 14, 2009 No. 363 On Introduction of Institute of Primary Dealers  
in the Government Securities Market and the Order of the Ministry of Finance of  
Ukraine of \_\_\_\_ No. \_\_\_\_ "On approving the procedure for selecting and activities of  
primary dealers" registered in the Ministry of Justice of Ukraine \_\_\_\_\_ No. \_\_\_\_  
have entered into the present agreement, the "Agreement," on the following

Article 1. SUBJECT OF AGREEMENT

1.1. The Dealer shall cooperate with Minfin as to ensuring two-sided  
quotations of domestic government bonds (the "government bonds") and purchasing  
government bonds upon their primary placement (the "placement"), and Minfin shall  
grant the Dealer the exclusive right to purchase government bonds upon their  
placements in accordance with the procedure and the terms stipulated by the  
Agreement.

Article 2. OBLIGATIONS OF THE PARTIES

**2.1. The Dealer undertakes:**

2.1.1 to ensure constant (on every business day) offer to other primary  
dealers of purchase and sale of government bonds out of the list established by  
MinFin upon agreement with all primary dealers (the offer is effected through stock  
exchanges in amounts that, at opening, are at least UAH 1 million at par for each  
issue);

2.1.2 to submit competitive bids at placements of government bonds;

2.1.3 to ensure purchase upon placement of government bonds in the  
amount at least 3% of the total amount of their placement through competitive bids  
during every six-months period;

2.1.4 to ensure circulation of government bonds in the secondary market  
in the amount at least 3% of the total amount during every six-months period;

2.1.5 to participate in the meetings of Minfin with primary dealers and  
submit suggestions on the schedule of government bond placements;

2.1.6 provide the Ministry of Finance with information in accordance with  
the list and within the terms specified in Annex 1;

2.1.7 not to enter into any written or oral agreement with other primary  
dealers regarding prices or yield of the government domestic bonds purchase at their  
placement;

2.1.8 to provide the Minfin, within a 5-day term, with information about  
changing legal form, legal or actual address within a five-day term since the  
occurrence of such change .

2.1.9 not to assign its rights hereunder to a third party.

**2.2. The Minfin undertakes:**

2.2.1 to satisfy, upon holding of government bond placements, exclusively Dealer's bids following the conclusion of agreements on cooperation with first primary dealers;

2.2.2 to take into consideration Dealer's proposals and those of other Primary Dealers when preparing placement schedules and introducing changes thereto;

2.2.3 not to disclose information obtained from the Dealer hereunder;

2.2.4 to post the list of Primary Dealers on its official website;

2.2.5 to hold regular placements (reopening) of government bonds announcing (at least two days) in advance the amounts of placement (reopening);

2.2.6 to publish information about amounts, average weighted rate no later than one working day after holding the relevant placement (reopening).

**Article 3. PROCEDURE FOR TERMINATING THE AGREEMENT**

3.1. If a Party does not fulfill obligations hereunder, the Agreement may be terminated upon demand of the other Party.

3.2. The Minfin shall be entitled to unilaterally terminate the Agreement if:

3.2.1 the Dealer has submitted false information in its application to enter into the agreement;

3.2.2 the Dealer has refused to introduce changes obligatory for all Primary Dealers to the agreement on supporting the government bond market;

3.2.3 the amount of Dealer's purchase of government bonds based on year-end results according to Minfin estimates is the lowest among Primary Dealers;

3.3. Upon unilateral termination of the Agreement, Minfin may allow up to six months for the Dealer to correct the situation.

**Article 4. RESPONSIBILITY OF THE PARTIES**

4.1. In case of non-fulfillment or improper fulfillment of its obligations hereunder, the Parties shall bear responsibility stipulated by this Agreement and current legislation of Ukraine.

**Article 5. FORCE MAJEURE**

5.1. The Parties shall be exempted from responsibility for non-fulfillment or improper fulfillment of their obligations under the Agreement if one of the Parties proves that such violation resulted from force majeure circumstances specified by this Agreement.

5.2. The following shall be considered force majeure circumstances in this Agreement: acts of God (earthquakes, floods, hurricanes, lightening storms), biological, anthropogenic, man-made disasters (explosions, fires, machine and equipment malfunctions, mass epidemics, epizooties, epiphytotics, etc.), social life circumstances (war, military actions, sieges, mass disturbances, terrorism manifestations, mass riots and lockouts, boycott, etc.) as well as issuance of restricting or bounding normative acts of the state or local governments, other legal and illegal restricting or bounding actions of the above authorities which prevent the Parties from fulfillment of this Agreement or temporally prevent from such fulfillment.

5.3. The fact of force majeure circumstances shall be confirmed by the official document issued by the authorized body pursuant to the legislation of Ukraine.

5.4. If force-majeure circumstances prevent the Party from fulfilling its obligations under the Agreement, it shall no later than 5 (five) days upon commencing of the circumstances specified in paragraph 5.2 thereof inform the other Party on beginning or termination of such circumstances.

5.5. If the duration of force majeure circumstances exceed 90 (ninety) calendar days, the Parties shall decide on adjourning the terms of the Agreement or its termination, with a separate agreement being concluded to this end.

**Article 6. DISPUTE SETTLEMENT**

6.1. All disputes and discrepancies arising between the Parties hereunder shall be settled by mutual consultation and negotiation.

6.2. If the Parties are unable to agree on disputable issues by

negotiation, the dispute shall be submitted for consideration to an economic court in accordance with current legislation of Ukraine

**Article 7. FINAL PROVISIONS**

7.1. All changes and amendments hereto shall be done in writing and signed by authorized representatives of the Parties with obligatory reference to the Agreement.

7.2. All annexes to this Agreement shall be its inalienable part.

7.3. All notices hereunder shall be considered properly given if done in writing and sent by registered mail or courier to the specified addresses of the Parties. The date of receiving such notices shall be considered the date of their personal delivery to the authorized person of the Party.

7.4. The Agreement shall take effect from the moment of its signing by Parties' authorized representatives and shall be valid till Parties' discharge of their obligations hereunder.

7.5. Titles of Articles and Sections hereof shall be for convenience only and do not have any impact whatsoever on their content and construction.

7.6. The Agreement has been done in three copies in Ukrainian, one for each Party and one for the National Bank of Ukraine. All copies shall have equal legal effect.

**Article 8. INFORMATION AND SIGNATURES OF THE PARTIES**

**MINFIN:**

**DEALER**

\_\_\_\_\_

\_\_\_\_\_

signature

signature

SEAL

SEAL

Annex 1 to the  
Agreement dated \_\_\_\_\_ 2009.

**List of information provided by the Dealer**

1. Report on daily movement of Domestic Government Bonds in the securities account at the NBU as Depository of government securities, each quarter no later than 15<sup>th</sup> of the month following the reporting quarter.

2. Information on yields and volumes under agreements on purchase and sale of Domestic Government Bonds no later than the following working day after the reporting day.

3. Quarterly financial statements no later than the 15<sup>th</sup> of the month following the reporting quarter..

4. Annual financial statements no later than in 15 days upon its approval.

**MINFIN:**

**DEALER**

\_\_\_\_\_

\_\_\_\_\_

signature

signature

SEAL

SEAL