

Reverse Auctions for the purchase of Malta Government Securities under the Public Sector Asset Purchase Programme

Terms and Conditions for purchases of **Malta Government Stocks** via reverse auctions on a **trial** basis by the Central Bank of Malta (CBM)

1. **Scope:** To conduct reverse auctions in part fulfilment of ECB Decision on a secondary market Public Sector Asset Purchase Programme ([ECB/2015/10 dated 4 March 2015](#)).
2. **Eligible Auction Participants:** Local licensed brokers who hold an account at the Malta Stock Exchange (MSE) and other counterparties that fulfil the eligibility criteria to participate in Eurosystem monetary policy operations.
3. **CBM Announcement:** Via CBM website normally two business days prior to auction date. Also, the notification will be sent via an e-mail to all eligible counterparties.
4. **Frequency of Auctions:** CBM will conduct one reverse auction per week, to be held on a Wednesday. CBM can deviate from this in case of public holidays or special circumstances.
5. **Submission:** Bids have to be submitted by fax on (+356) 2550 6918, confirmed by an e-mail on psppauctions@centralbankmalta.org. Eligible counterparties are invited to submit their offers on auction day between 10.30 a.m. (CET) to 11.30 a.m. (CET). Submission of an offer is considered legally binding but participants are allowed to change their offers until end of bidding process. If there is a discrepancy between the e-mail and the fax, the details on the fax will prevail.
6. **Notification:** All successful and unsuccessful bidders will be notified by 12.30 p.m. (CET) on auction date via email. After notification a transaction ticket between the CBM and the counterparty will be concluded.
7. **Target amount:** The total target volume that the CBM will purchase from each ISIN will not be pre-determined.
8. **List of ISINs:** The list of the ISINs eligible for the auction will be communicated to counterparties two business days prior to the auction date.
9. **Mechanism:** Variable rate auction with discriminatory prices.
10. **Minimum bid size:** The minimum bid should not be less than EUR 100,000.
11. **Number of bids:** Every auction participant may submit more than one bid for each ISIN.
12. **Quotes:** In clean price (excluding accrued interest) up to two decimal places.
13. **Purchase Price:** Clean price of an accepted quote plus accrued interest (dirty price).
14. **Settlement:** Transactions settled on a T+2 basis after notification by CBM that quote has been accepted.
15. **Partial Allocation:** Offers that are accepted at the highest price may be allocated partially, subject to an accepted minimum of EUR 100,000.
16. **Announcement of results:** With a view to enhance transparency, the CBM will provide details on its website on the outcome of the auction as soon as possible. This will include (i) total amount offered in the auction, (ii) total allocated auction volume, (iii) average price per ISIN, and (iv) the lowest and highest price paid per ISIN.
17. **Bilateral trading:** On the day of auction there will be no PSPP bilateral trading. However, the purchase of Maltese government bonds will continue to be carried out via the regular bilateral trading on non-auction days.
18. **Revision of Terms and Conditions:** The CBM reserves the right to rescind, alter or add to these terms and conditions as necessary provided that such changes will not apply to bid applications in the course of processing.