

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

BILLS ANNEX

Supplemental terms and conditions for transactions in Treasury bills, local authority bills, bills of exchange and certificates of deposit

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated _____ between and (the "Agreement").

1. Scope

(a) The parties have agreed that –

- (i) the Transactions to which this Agreement applies may include Transactions in respect of which the Purchased Securities consist of or include certificates of deposit and Bills; and
- (ii) a transfer of Margin Securities may consist of or include certificates of deposits and Bills,

and the terms and conditions of this Annex shall apply to such Transactions and transfers of Margin Securities.

(b) In relation to Transactions to which this Annex applies, the Agreement shall be construed as if it had been amended and supplemented as set out in paragraphs 3 to 6 of this Annex.

2. Interpretation

(a) In this Annex -

- (i) "Bill" means an Eligible Bank Bill, a Local Authority Bill or a Treasury Bill;
- (ii) "Eligible Bank Bill" means a commercial bill accepted by a bank and which is accepted by the Bank of England in connection with its open market operations;
- (iii) "Local Authority Bill" means a bill issued by a UK local authority and eligible for discount at the Bank of England; and
- (iv) "Treasury Bill" means a bearer security issued by the UK Government under the Treasury Bills Act 1877 and the National Loans Act 1968.

(b) In the event of any conflict between the terms of this Annex and the Agreement the terms of this Annex shall prevail.

3. Equivalent securities

For the purposes of paragraph 2(t) of the Agreement, Bills shall be equivalent to other Securities if they are of an identical amount and maturity and executed by the same parties in the same capacities as those other Securities and, in the case of

Securities which incorporate clausing, incorporate the same clausing as those other Securities.

4. Default Market Value

For the purposes of paragraph 10(e)(i)(A) of the Agreement, Bills are of an identical type and description as other Bills if they are of an identical maturity and executed by the same parties in the same capacities as those other Bills and, in the case of Bills which incorporate clausing, incorporate the same clausing as those other Bills.

5. Maturity of Bills and certificates of deposit

If -

- (a) for any Transaction, the Purchased Securities comprise certificates of deposit or Bills, the certificates of deposit or Bills shall have a maturity date beyond the Repurchase Date of that Transaction; and
- (b) Margin Securities comprise certificates of deposit or Bills, the certificates of deposit or Bills shall have a maturity date at least one day beyond the Repurchase Date of the longest outstanding Transaction at the time such Margin Securities are transferred.

6. Guarantee of payment of Eligible Bank Bills

If either party delivers to the other any Eligible Bank Bills as Purchased Securities or Margin Securities the first party -

- (a) guarantees the due payment at maturity of such Eligible Bank Bills as though such Eligible Bank Bills had been indorsed by the transferor; and
- (b) undertakes to complete the indorsement of any such Eligible Bank Bill at any time when called upon to do so.

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Guidance notes to the Bills Annex

These guidance notes -

- are designed to provide users of the Bills Annex with information on its content;
- do not form part of the Bills Annex or the GMRA; and
- summarise certain, but not all, of the provisions of the Bills Annex.

Introduction

1. This annex contains supplemental terms and conditions for transactions in UK Treasury Bills, local authority bills, bills of exchange and certificates of deposit. The terms of this annex have been based on the agreement used by the Bank of England in its sterling money market operations.

Equivalent Securities

2. The definition of “equivalent to” in paragraph 2(t) of the Agreement has been amended. Bills are treated as equivalent to other bills if they are of an identical amount and maturity and executed by the same parties in the same capacity as the original bills. In addition, if bills incorporate clausings, the equivalent bills must incorporate the same clausings as the original bills.

Default Market Value

3. The definition of “Default Market Value” has been amended so that it applies to bills by reference to equivalent securities (as described above). This ensures that, where relevant, the dealing price of any bills bought or sold by the non-defaulting party will only be taken as the default market value if the bills include the same clausings as the original bills.

Maturity of Bills and certificates of deposit

4. Where purchased securities for a transaction comprise bills or certificates of deposit, those bills or certificates of deposit must have a maturity date beyond the repurchase date for the transaction. Similarly, where bills or certificates of deposit are provided by way of margin securities, they must have a maturity date at least one day beyond the repurchase date of the longest outstanding transaction at the time of the margin transfer.

Guarantee of payment of Eligible Bank Bills

5. If a party delivers eligible bank bills as purchased securities or margin securities, that party guarantees the payment of the bank bill at maturity as though that party had indorsed the bank bill and undertakes to indorse the bank bill upon request.

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