

Agentschap van de Generale Thesaurie
Ministerie van Financiën

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Agentschap

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Inquiries

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Date October 2020
 Invitation to submit the business plan for Primary
 Dealership 2021 of the Dutch State

Dear Sir/Madam,

You have indicated your interest in a primary dealership for The State of The Netherlands.

The following questions are part of the application procedure for becoming a primary dealer for The State of The Netherlands in 2021. Please send your reply and formal application before close of business on Friday 30 October 2020 to the following recipients: m.heerma@minfin.nl and s.manandhar@minfin.nl. We will be finalizing the selection process by the end of November.

Kind regards, on behalf of the minister of Finance of The Netherlands,

M. Heerma

Deputy Agent of the Dutch State Treasury Agency/ Head of Cash Management,
Issuance and Trading

1. Legal details

Please fill in the legal entity name.

- a. For ISDA purposes:
- b. For GMRA purposes:
- c. For dealer contracts:

2. Strategy and Commitment

- 2.1) Please provide a general description of why the DSTA would benefit by having your firm as a Primary Dealer.
- 2.2) What is the added value of being a Primary Dealer for DSTA for your firm and which elements of the Primary Dealership do you value most?
- 2.3) Please provide a description and a headcount figure for dedicated staff (traders, sales professionals, analysts, etc.) to DSLs, DTCs and to Eurozone sovereign bonds and bills in general. Please indicate your expectations on this information for the near and medium term.
- 2.4) If applicable, for Eurozone countries, please provide information about your primary dealerships for the period January 2020 until (and including) September 2020, in the format given below. What kind of ambitions do you have as a Primary Dealer in other countries?

Sovereign Bond Market (2020 Jan-Sep)				
	Primary Market		Secondary Market	
Countries	Market share (%)	Rank	Market share (%)	Rank

Sovereign Bill Market (2020 Jan-Sep)				
	Primary Market		Secondary Market	
Countries	Market share (%)	Rank	Market share (%)	Rank

Client Type	Sovereign Bond Market (%)	Sovereign Bill Market (%)
Country/Region of Clients served	Sovereign Bond Market (%)	Sovereign Bill Market (%)

3. Financial Position

- 3.1) Please provide the current long term unsecured debt rating and the long term issuer rating of the firm(s) performing the Primary Dealer obligations (taking into account Brexit), as provided by Moody's, S&P, and Fitch.
- 3.2) Furthermore, please include the outlook on the rating, any recent rating movements, actions or comments.
- 3.3) Please describe the most important recent changes in your firm's financial position e.g. write-offs, new capital issuance, state guarantees, acquisitions of other firms etc.
- 3.4) Please describe your firm's current status in implementing regulations; Basel III/Basel IV/CDR IV regulations (or equivalent US regulations, if applicable).
- 3.5) Please provide your firm's current (or most recently published) tier 1 & 2 capital ratios, core tier 1 capital ratio, supplemental tier 2 capital ratio, debt-to-equity ratio, loan-to-deposit ratio, leverage ratio, total risk weighted assets, capital requirements and liquidity requirements.
- 3.6) Elaborate on your firm's funding profile by providing what percentage of funding consists of (common) equity, deposits, long-term and hybrid debt and what percentage consists of other types of funding (including short-term debt, repos, and federal funds purchased). Provide the current (or most recently published) total balance sheet size of your firm.
- 3.7) Provide the following details: total revenues, net profits, total shares outstanding, market capitalization, return on assets, return on equity, and the profit margin for 2019 and for 2020 (Jan-Aug) using the most recent data.
- 3.8) Provide the geographical distribution of your firm in terms of revenues (in numbers and percentage) and number of employees using the format below.

	<i>2019</i>		<i>2020 (Jan- Aug)</i>	
<i>Region:</i>	<i>Revenues</i>	<i>Number of employees</i>	<i>Revenues</i>	<i>Number of employees:</i>
Continental Europe				
UK				
North America				
South America				
Asia-Pacific				
Middle East				
Africa				

4. Market Performance

- 4.1) Please comment on your firm's ambitions in the primary market for both DSLs and DTCs. Cover at least participation in auctions including primary market shares, type of clients to be served, and distributional channels to be used.
- 4.2) Please comment on your firm's ambitions in the secondary market for DSLs and DTCs, particularly focussing on market shares, types of clients and distributional channels.
- 4.3) Per client type, provide the percentage of total sales volume for sovereign bonds and bills.
Please indicate the geographical distribution of your clients in volume for
- 2019
 - between January 2020 until (and including) September 2020.

5. Research and Promotional Activities

- 5.1) Please elaborate on what research you plan to conduct in the coming year regarding DSLs, DTCs, the sovereign bond market, or the sovereign bill market.
- 5.2) Briefly describe what type of promotional activities you plan to do in the future regarding DSLs, DTCs, and the DSTA. Also describe promotional activities focussing on specific geographical regions, including regular (e.g. yearly) conferences in the fixed income area.
- 5.3) Please indicate whether and how the DSTA could contribute in regards to the already scheduled promotional activities.
- 5.4) Please elaborate on alternative possibilities for investor roadshows during the COVID-19 pandemic.

6. Corporate social responsibility & green and social bonds

- 6.1) Does your firm have a corporate social responsibility (CSR) policy? If yes, please provide a link to the relevant website(s) and please give a few examples of CSR related activities.
- 6.2) Does your firm have experience in executing green bond issuances and/or advising on green bond issuances? Please elaborate on the green bond expertise available at your firm and on your position in the primary and secondary market for (sovereign/SSA/corporate) green bonds.
- 6.3) Does your firm have experience in executing social/CSR bond issuances and/or advising on social bond/CSR issuances? Please elaborate on the social/CSR bond expertise available at your firm and on your position in the primary and secondary market for (sovereign/SSA/corporate) social bonds.

7. Practical information about your organisation

- 7.1) Please include an organizational chart of the levels of management and formal lines of authority within your organization regarding fixed income and fixed income derivatives.
- 7.2) Please provide an overview of the (public) holidays in 2021 during which you would like to be exempted from quotation obligations.
- 7.3) Please add contacts details (Name, Address, Telephone number and E-mail) for the following:
- Primary dealer contact
 - Contact for harmonized trade reports (SMTR reports)
 - ICT or electronic trading contact
 - Full legal name and the relevant LEI
 - Head back office
 - Head settlement
 - Swap desk, bond desk and bill desk

Please provide the contact details in the format shown below.

Full Legal Name	
LEI	
Legal Address	
PO Box	
City	
Telephone	
E-Mail	

For the purpose of completing the bank's specific fields in the Primary Dealer Contract, please indicate the name, e-mail address and telephone number of the compliance contact(s) for the purpose of the DDA Allocation and Price Compliance Statement. Note that the compliance contract are required to include their signature in de Primary Dealer Contract.

- 7.4) Please provide the invoice details for the TRS Segment Fees, contact person(s) and the details of where the invoice can be sent to.
- 7.5) Please provide at least one email address at which your organisation wants to receive:
- The SMTR-reports
 - The Quotation-reports

8. Brexit

The next set of questions consider the possibility that there will not be a comprehensive trade agreement between the UK and the EU after 1/1/2021.

- 8.1) How will you ensure you can reach end investors in Dutch bonds in both EU27 countries and the UK in 2021?
- 8.2) How will business continuity relevant for DSTA will be impacted by Brexit?
- 8.3) All relevant trading platforms used by DSTA are either established or will be established in the EU-27. However, some platforms might not have the necessary licenses on time. How do you propose we should deal with the quotation obligation if the platform of your choice does not have the necessary license as of the first of January 2021?
- 8.4) The Dutch State Treasury Agency (DSTA) requires its Primary Dealers to have all required licences to provide all relevant financial services in every member state of the EU27 necessary for the proper performance of its obligation as a Primary Dealer, also following the end date of the Withdrawal Agreement (31 December 2020). Please indicate which entity will enter into the contract with the DSTA.
- 8.5) If the performance of obligations is operationally divided between more than one entity, which entity will perform the market making activities in DSLs and DTCs? If you propose multiple entities, please elaborate. How will your proposal influence your commitment towards quotation obligations and the SMTR/HRF reporting obligations? How will this influence rendering ancillary services such as a possible DDA advisorship?
- 8.6) If you are currently based in the UK please let us know which one of the following options would you choose to be eligible as a Primary Dealer for 2021:
 - A) You will nominate one of your competent EU27 entities as a Primary Dealer that will proceed with all of the rights and obligations of a Primary Dealer
 - B) You will sign a three-party agreement whereby you will nominate an EU27 authorized entity as a third party.

9. COVID-19

Please provide a description how your bank responded to the COVID-19 crisis so far.

9.1) How have your business operations been affected during the COVID-19 crisis?

9.2) How has the COVID-19 crisis impacted the non-performing loans on your balance sheet?

9.3) In times of COVID-19, governments have responded with various support schemes. Has your bank used any of those government support schemes? Please elaborate.

10. Additional information

- 10.1) Please provide any additional information that you consider relevant in view of your application for the Primary Dealership of The State of the Netherlands