

REPUBLIC OF CYPRUS

MINISTRY OF FINANCE

PUBLIC DEBT MANAGEMENT OFFICE

GENERAL TERMS OF ISSUANCE OF GOVERNMENT BONDS OF THE REPUBLIC OF CYPRUS

Issuance of six year government bonds for natural persons

The present General Terms of issuance of six year government bonds for natural persons are read with the corresponding Specific Terms of issuance of six year government bonds for natural persons.

It is understood that the present General Terms apply only in the case of issuance of six year government bonds for natural persons.

The issues of government bonds of the Republic of Cyprus are bound by the Public Debt Management Laws of 2012 to 2016 and the Public Debt Management (Collective Action Clauses) Regulations of 2012.

The government bonds are issued by the Public Debt Management Office, on behalf and for the account of the Republic of Cyprus.

The Registry of Holders is maintained by the Cyprus Stock Exchange. The government bonds for natural persons are not listed for trading at the Stock Exchange.

1. **Series Issuance:** The issuance of each series of six year government bonds for natural persons through private placement will be executed on the first working day of each month. The maximum amount of each series and the terms that will bind each specific issue will be announced in the Specific Terms of issuance by the Public Debt Management Office.

2. **Submission and assessment of applications:** Applications can be submitted only by natural persons. Interested investors may submit the relevant application in the following ways:

(i) In person at the Cyprus Stock Exchange at the specially designated counters on the ground floor,

(ii) By mail. The relevant document can be sent to the following address: Cyprus Stock Exchange, Lord Byron Avenue 71-73, 1096 P.O. Box 25427, Nicosia

Applications by two or more individuals that desire the joint ownership of government bonds must be signed by all applicants.

Depending on the manner of submission of the application the Stock Exchange will send the relevant receipt of delivery of the application and at a later stage will inform the investor for the success or failure of the application.

2.1 Applications will be accepted during the period specified in the Specific Terms of issuance of each series.

2.2 Applications will be submitted for a minimum amount of €1.000 and beyond this minimum amount for multiples of €100. It is understood that the Head of the Debt Management Office has the authority to set a maximum limit per investor per series of bonds.

Every applicant must state the nominal value of the bonds for which he/she applies. The bonds will be allocated at their nominal values.

2.3 Applications can be submitted only for own account or on behalf of a minor. It is noted that in the case of a minor any cash flows resulting from the investment must be credited to a bank account in the name of the minor except if there is a different arrangement by Court Order.

2.4 The buyers of government bonds will have to pay the relevant funds corresponding to the value of the bonds through bank transfer to the government account with the Central Bank of Cyprus with IBAN number CY59 0010 0001 0000 0000 0600 1012 (SWIFT code CBCYCY2N) enclosing in the application proof of transfer on which the name of the applicant appears.

2.5 The Republic of Cyprus does not pay any interest or other form of remuneration for the period between the receipt of the funds and the time of issuance of the bonds or in the case that the application is not accepted, the return to the applicant of the amount paid.

2.6. The Public Debt Management Office maintains the right to demand further proof of identity for any applicant for government bonds or for any person represented by the applicant.

2.7. In case of non-submission of any additional information that is requested by the Public Debt Management Office or not submitted at the requested time or is not deemed by the Public Debt Management Office to be adequate, the Public Debt Management Office is empowered to reject the application or cancel the sale of bonds to any particular applicant and take any other appropriate action.

2.8. With the receipt of the application the Cyprus Stock Exchange will issue a receipt for the application and at a later stage will send to the applicant a letter of acceptance or rejection of their application on behalf of the Public Debt Management Office. In case of partial or total rejection of an application the relevant funds will be returned to the applicant according to the payment instructions that the applicant specifies in the application form.

2.9. The Public Debt Management Office has the absolute right to accept or reject applications either for the full or partial amount of application and its decision is final.

2.10. The applications will be accepted strictly based on the date of submission. In case of oversubscription of the maximum amount announced for the series, the Head of the Public Debt Management Office may at his own discretion accept or reject any amount of oversubscription.

3. Interest payment:

3.1 Interest Calculation: The interest is calculated on an annual basis according to the following formula: Coupon times the exact days of holding divided by the exact days in a year (actual/actual).

3.2 Interest Frequency: The interest will be paid annually on the date specified in the Specific Terms of issuance of each series.

(a) Regarding the government bonds included in the Registry of Holders under the name of a single holder the following terms apply:

(i) Method of interest payment: The interest payment will be made through a bank transfer to a bank or co-operative credit society according to the payment instructions of the holder as they are stated in the application submitted to the Cyprus Stock Exchange.

(ii) Interest remittance to a holder's representative: The holder may, if he/she so desires, appoint a representative to whose account the interest is to be remitted.

(iii) Receipt for the collection of interest by the beneficiary: The credit of an account with a bank or co-operative credit society in accordance with paragraph 3.2(a)(i) and 3.2(a)(ii) equates to a receipt of the interest collected by the beneficiary and discharges the Republic of Cyprus from any liability as to payment.

(b) With regard to bonds recorded in the name of joint holders in the Registry of Holders, the following conditions shall apply:

(i) Instructions by holders: In the case where the bonds are registered in the name of joint holders, the instructions of holders with regard to the payment of interest must be signed by all the holders.

(ii) Method of interest payment: The interest payment will be made through a bank transfer to a bank or co-operative credit society according to the payment instructions of the holder as they are stated in the application submitted to the Cyprus Stock Exchange.

(iii) Interest remittance to a holder's representative: The holder may, if he/she so desires, appoint a representative to whose account the interest is to be remitted.

(iv) Receipt for the collection of interest by the beneficiary: The credit of an account with a bank or co-operative credit society in accordance with paragraph 3.2(b)(i), 3.2(b)(ii) and 3.2(b)(iii) equates to a receipt of the interest collected by the beneficiary and discharges the Republic of Cyprus from any liability as to payment.

(c) It is always understood that in the case the holder is a minor the interest will be paid only to a bank or co-operative credit society account in the name of the minor unless there is another arrangement in place by a relevant Court Order.

4. Purpose of the issue: The proceeds from the issue of bonds shall be credited to the Consolidated Fund of the Republic and will be used for the purposes specified by Art. 7(2) of the Public Debt Management Laws of 2012 to 2016.

5. Registration and Transfer: The bonds shall be registered in the names of the beneficiaries in a Registry maintained by the Cyprus Stock Exchange. Transfer of the bonds may be effected for €100 or multiples thereof.

The transfer of bonds registered in the name of joint holders shall be effected following the written application of all joint registered holders. The transfer of bonds held by a minor is not permitted unless otherwise provided in a Court Order. The bond can be pledged. The transfer of a bond to a legal person is not allowed. It is understood that in the case of a holder who is a minor the pledging of bonds requires a relevant Court Order.

The transfer of government bonds is made by filling out a special form at the Cyprus Stock Exchange.

6. Tax treatment:

Taxes and levies are charged on interest income, according to the legislation in force.

7. Exemption from Fees and Charges:

(a) No fees are payable for filing on the Registry of Holders and the issue of the relevant certificate.

(b) Agreements for the transfer of the bonds do not require stamp duty.

8. Repayment: The bonds shall be repaid at their nominal value on their maturity, provided they have not been previously cancelled either on the grounds of buyback or exchange or following an agreement with the holders for early redemption after an application by the holder as provided for in the Specific Terms of issuance.

9. Security: The capital and interest for the bonds shall be a charge to the Consolidated Fund of the Republic and shall have the same order of priority as all other debt of the Republic.

10. Possibility of Buyback or Exchange: following an agreement with their holders, the said bonds may be redeemed or exchanged by the Public Debt Management Office prior to their maturity and cancelled according to the Specific Terms of the series.

11. Entry into force: The present General Terms of issuance of government bonds for natural persons enter into force from the date of their publication in the Official Gazette of the Republic.

Public Debt Management Office

MINISTRY OF FINANCE

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14 May 2019