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FINANCE  
DENMARK

# Market practice for handling compensating outright in connection with the drawing of annuity bonds

## Drawing of annuity bonds: Market practice for adjustment trades on the S-1 trading day

It may be necessary to effect adjustment trades on repo trades and other annuity bond trades where trading extends beyond the settlement date (S).

Adjustment trades cannot be effected until the final drawing rate is known on S-1. As S also marks the end of a quarter, adjustment trades will take place during an already busy period. A market practice is thus needed for this process.

Danish market players agree on the following market practice for handling compensating outright.

The final drawing rate is calculated on S-2 at 6.00 pm and communicated to the market after it has been signed off by Nasdaq Copenhagen.

The pricing of repo trades entered into on S-1 and extending beyond S should include the drawing rate so that it will not be necessary to effect adjustment trades on S for these trades.

As the trading date is a mandatory parameter for matching trades at VP, adjustment trades must to the furthest extent possible be effected in the morning, and preferably before noon, of the day before the settlement date, i.e. S-1.

## Memo

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