



General Terms and Conditions for the European Union Primary Dealers

1. Scope and subject matter

1. The General Terms and Conditions ('GTC') for membership of the European Commission's Primary Dealer Network ('primary dealer network' or 'PDN'), as established by Commission Decision (EU, Euratom) 2021/625¹ lay down the conditions under which the members of the European Union primary dealer network participate therein.
2. The GTC shall apply to any borrowing and debt management activity carried out by the Commission under the borrowing programmes in accordance with paragraph 2 of Article 1 of Commission Decision (EU, Euratom) 2021/625.

2. Interpretation and definitions

1. The GTC shall be interpreted in accordance with Commission Decision (EU, Euratom) 2021/625.
2. Terms used in the GTC which are defined in Article 2 of Commission Decision (EU, Euratom) 2021/625 shall have the same meaning attributed to them as in Article 2 of Commission Decision (EU, Euratom) 2021/625.
3. Members of the PDN are also referred to as 'primary dealers'.

3. Legal Force and Execution of the GTC

1. The GTC shall be legally binding on the members of the PDN and on the Commission.
2. By adhering to the GTC the primary dealer expressly acknowledges awareness of the content and requirements of Commission Decision (EU, Euratom) 2021/625.

A. GENERAL PART

4. Membership: Eligibility Criteria for the primary dealer network

Primary dealers shall fulfil the conditions of membership of the PDN set out in Article 4 of Commission Decision (EU, Euratom) 2021/625.

5. Obligations

1. Primary dealers shall undertake the commitments set out in Article 5 and in the Annex of Commission Decision (EU, Euratom) 2021/625.

¹ Commission Decision (EU, Euratom) 2021/625 on the establishment of the primary dealer network and the definition of eligibility criteria for lead and co-lead mandates for syndicated transactions for the purposes of the borrowing activities by the Commission on behalf of the Union and of the European Atomic Energy Community (OJ L 131, 16.4.2021)

2. In accordance with point (f) of Article 5 of Commission Decision (EU, Euratom) 2021/625, each primary dealer shall treat all information received from the Commission confidentially. Where disclosure is required by competent national and supranational authorities or courts in compliance with applicable law or regulation, primary dealers shall inform the Commission immediately and prior to the release of the information.

6. Rights

Primary dealers shall have the rights set out in Article 7 of Commission Decision (EU, Euratom) 2021/625.

7. Monitoring

1. In accordance with Article 14 of Commission Decision (EU, Euratom) 2021/625, the Commission and other competent Union bodies may conduct verifications to check the compliance with relevant applicable provisions, including that same Decision and the GTC.
2. Primary dealers shall comply with obligations set out in points (a) to (c) of the second paragraph of Article 14 of Commission Decision (EU, Euratom) 2021/625.
3. In accordance with Article 14 of Commission Decision (EU, Euratom) 2021/625, by accepting the GTC, the primary dealer gives its consent to possible audits and verification and undertake to cooperate and facilitate the conduct of the verifications referred to under paragraph 1.

8. Application for membership to the PDN

1. The application for membership to the PDN is governed by Article 12 of Commission Decision (EU, Euratom) 2021/625.
2. Admission and non-admission to the PDN are governed by Article 13 of Commission Decision (EU, Euratom) 2021/625.

9. Publication and Review of the list of the members of the PDN

The list of the members of the PDN shall be published and reviewed in accordance with paragraphs 2 and 3 of Article 13 of Commission Decision (EU, Euratom) 2021/625.

B. SPECIFIC PROVISIONS ON PARTICIPATION IN SYNDICATED TRANSACTIONS

10. Lead and co-lead mandates for syndicated transactions

Eligibility for lead and co-lead mandates for syndicated transactions is subject to the fulfilment of the requirements set out in Article 8 of Commission Decision (EU, Euratom) 2021/625.

11. Fee schedule established by the Commission during the time of the duration of the NGEU issuance programme

1. The fee schedule established by the Commission in accordance with point (d) of Article 8 of Commission Decision (EU, Euratom) 2021/625 is included under Annex I to the GTC.
2. The Commission may amend the fee schedule in accordance with paragraphs 1 and 2 point 17. The Commission shall publish the amended fee schedule on the website https://ec.europa.eu/info/strategy/eu-budget/eu-borrower-investor-relations/primary-dealer-network_en not earlier than one month after their notification to the primary dealers in accordance with paragraph 1 of point 17.

12. Additional commitments

Selection of lead and co-lead managers for syndicated transactions shall take into account, amongst others, the assessment of the performance of additional commitments listed in Article 10 of Commission

Decision (EU, Euratom) 2021/625. The assessment of the performance of the additional undertakings shall be carried out by the Commission in accordance with the evaluation methodology included under Annex II of the GTC.

13. Selection of Lead and Co-lead Managers for Syndicated Transactions and Evaluation

1. In accordance with Article 8 of Commission Decision (EU, Euratom) 2021/625, the selection of the subgroup of lead and co-lead managers receiving a request for proposal ('RfP') for a syndicated transaction shall be based on the following criteria:
 - a) evaluation of the performance of primary dealers; and
 - b) a rotation mechanism ensuring that eligible primary dealers are regularly invited to respond to requests for proposals.
2. The evaluation of the performance shall be based on objective qualitative and quantitative criteria, relating to the proven capacity of eligible primary dealers in supporting sovereign and supranational issuance in primary and secondary markets, their ability to distribute debt securities to investors as well as the assessment of the performance of the primary dealers' obligations under points 5 and 12 of the GTC.
3. The criteria and associated weights relating to the evaluation of the performance in view of the selection of primary dealers to the RfPs are detailed in Annex II to the GTC.
4. The syndicate shall be established based on the assessment of proposals received from eligible members referred to under paragraph 1 and in view of ensuring a syndicate composition which is the best possible combination of managers for the optimal performance of a given transaction. The assessment of proposals shall be carried out by the Commission services on the basis of objective qualitative and quantitative criteria, codified in internal (and non-public) guidance.
5. The evaluation methodology may be amended by the Commission in accordance with paragraphs 1 and 2 of point 17. The Commission shall publish the amended evaluation methodology on the website https://ec.europa.eu/info/strategy/eu-budget/eu-borrower-investor-relations/primary-dealer-network_en not earlier than one month after their notification to the primary dealers in accordance with paragraph 1 of point 17.
6. In order to carry out the evaluation necessary for the selection of the syndicate, the Commission may request the eligible primary dealers to submit relevant document and data no later than 5 business days before the trade date foreseen for the transaction.
7. Reporting of inaccurate, incomplete or untrue data under point (b) of Article 5 of Commission Decision (EU, Euratom) 2021/625 shall imply ineligibility for lead and co-lead mandates under point 10.

C. FINAL PROVISIONS

14. Suspension and Exclusion from the primary dealer network

Suspension or exclusion of the membership of the primary dealer in the PDN shall be in accordance with Article 15 of Commission Decision (EU, Euratom) 2021/625.

15. Calculation of time limits

Any time limit set under the GTC shall be calculated in accordance with paragraph 3 of Article 6 of Commission Decision (EU, Euratom) 2021/625.

16. Address for notice and primary dealer coordinator

Any communication, notice or information under the GTC shall be made at the address for notice elected by primary dealers in their application form and shall be addressed to the person therein designated as 'coordinator'.

17. Revision and amendments

1. The Commission may unilaterally amend or review the GTC and shall notify the revised or amended GTC to each primary dealer at least two months before these revised or amended GTC take effect.
2. The primary dealer is considered to have accepted the revised or amended GTC if no communication to the contrary is received by the Commission within 15 days from the notification.
3. Where any primary dealer communicates to the Commission any objection or a remark or its intention not to accept the renewed or amended parts A and/or C of the GTC shall be treated by the Commission as reason for exclusion of the primary dealer under point (a) of paragraph 2 of Article 15 of Commission Decision (EU, Euratom) 2021/625.

Where any primary dealer communicates to the Commission any objection or a remark or its intention not to accept the renewed or amended part B of the GTC, the primary dealer concerned shall not be eligible for lead and co-lead mandates for syndicated transactions.

18. Partial invalidity and severability

If a provision laid down in these GTC is or becomes invalid, this shall be without prejudice to the validity of all other provisions.

19. Publication

The GTC and their Annexes are published on the Europa website https://ec.europa.eu/info/strategy/eu-budget/eu-borrower-investor-relations/primary-dealer-network_en, together with the application form and the list of primary dealers set up in accordance with Article 13 of Commission Decision (EU, Euratom) 2021/625.

20. Information on the European Union, the Euratom and the Commission

Annex III to the GTC includes information on the European Union, the Euratom and the Commission with regard, in particular, to their public nature, the sound financial management of the Union's budget and the resulting low profile risk of the European Union and of Euratom.

21. Annexes

1. Annexes to the GTC shall form integral part thereof.
2. List of Annexes to the GTC:
 - (a) Annex I - Fee Schedule
 - (b) Annex II - Evaluation methodology
 - (c) Annex III - Information on the European Union, the Euratom and the Issuer

HEREBY the [name of the primary dealer]

[delete the unsuitable option]

accepts these GTC in their entirety, acknowledges their binding nature and commits to respect them.

accepts parts A and C of these GTC, acknowledges their binding nature and committes to respect them.
[name of the primary dealer] hereby accepts that it shall not be eligible for lead or co-lead mandate for syndicated transactions.

Date

Signature

ANNEX I FEE SCHEDULE

In accordance with Article 9 of Commission Decision (EU, Euratom) 2021/625, the remuneration hereunder established is commensurate with the costs and risks born by the eligible primary dealers in carrying out Union and Euratom borrowing and debt management operations and ensures cost-efficiency for the Union. In addition, it takes into account specificities of Union's debt issuance, in particular volumes and maturities.

Maturity in years	EU syndication fee
1 to 4	0.050%
above 4 to 6	0.070%
Above 6 to 9	0.090%
Above 9 to 14	0.100%
Above 14 to 19	0.120%
Above 19 to 28	0.150%
Above 28	0.170%

ANNEX II

EVALUATION METHODOLOGY

1. When selecting the primary dealers, whose eligibility has been established in accordance with Article 8 of Commission Decision (EU, Euratom) 2021/625, to whom it addresses the RfP, the Commission shall be guided by the following criteria:

- a) the ranking established on the basis on qualitative and quantitative criteria set out in points 2 and 3;
- b) additional criteria reflecting the general presence of the primary dealers in primary and secondary markets of sovereign debt issuers, such as the number of primary dealership participations in the EU and performance according to public league tables on EUR SSA and EGB established in accordance with best market practices², and
- c) a rotation mechanism ensuring that the eligible primary dealers are regularly invited to respond to requests for proposals.

2. 70 % of the evaluation scoring shall be established on the basis of quantitative criteria:

- a. For the primary markets transaction (auctions), the calculations of the volume purchased by primary dealers over the period of 6-month shall be weighted according to the following table:

Residual maturity	<3.5m	3.5m - 1Y	1Y - 4Y	4Y - 8Y	8Y - 12Y	12Y - 17Y	17Y - 23Y	>23Y
Coeff.	0,5	1	2,5	5,5	10	15	20	25

This calculation shall be applied for 6-month period referred to in letter a. of this paragraph 2 as follows:

- a) for requests for proposal addressed between April to October, the preceding period from July to December shall be taken into account;
 - b) for requests for proposal addressed between November to March, the preceding period from January to June shall be taken into account.
- b. For the secondary markets:
- a) The volumes reported shall be based on the HRF report³ and during the interim period, the data reported in the context of the questionnaire contained in the application form will be used.

- b) Weights in order to discount for the maturity of the bonds:

Residual maturity	<3.5m	3.5m - 1Y	1Y - 4Y	4Y - 8Y	8Y - 12Y	12Y - 17Y	17Y - 23Y	>23Y
Coeff.	0,5	1	2,5	5,5	10	15	20	25

- c) The coefficients referred to in subparagraph b) shall be multiplied as follows to reflect the importance of sales to end customer counterparties:

² Such as Dealogic or Bloomberg.

³ See the last version of the specification published on the website of the EFC-ESDM that can also be provided on request.

	End customer couterparty	Interdealer couterparty
Coeff.	Maturity coeff. X 2	Maturity coeff. X 1

3. 30% of the evaluation score will be based on qualitative criteria related to the performance of the commitments referred to in Article 10 of the Decision (EU, Euratom) 2021/625 and the quality of the execution of the financial operations related to the debt management of EU and Euratom, including settlement issues in respect of debt issuances or other financial transactions.

ANNEX III

INFORMATION ON THE EUROPEAN UNION, THE EURATOM AND THE COMMISSION

The European Union and the Euratom

The European Union (also referred to as 'Union') is a supranational entity composed of 27 Member States. The European Union has legal personality and possesses, in each of the Member States, the most extensive legal capacity accorded to legal persons constituted in that state.

The Euratom is a supranational entity whose Member States are the same as those of the Union. It retains a separate legal personality from the European Union with its own borrowing powers, while sharing the same institutions.

The European Commission is one of the institutions of European Union. It is composed of a Commissioner per Member State but it operates as a unique collective body governed by the principle of collegiality, providing for equal participation of its members in the decision-making function.

The Commission is responsible, among others, for the implementation of the Union's budget. In such framework, it is empowered by the TFEU and secondary legislation to act as borrower on the financial markets on behalf of the European Union and the Euratom for funding relevant financing programmes.

Immunity and Tax exemption

In accordance Protocol No 7 to the Treaty on the Functioning of the European Union ('TFEU') on the Privileges and Immunities of the European Union, the European Union and the Euratom are endowed, in each of the Member States, with the privileges and exemptions essential for the performance of their tasks. Accordingly, the property and assets of the Union shall not be the subject of any administrative or legal measure of constraint without the authorisation of the Court of Justice. In addition, their assets and income are exempt from any direct and – subject to Article 3 of Protocol 7 – indirect taxation.

Budget implementation and sound financial management

The implementation of the general budget of the European Union and of the Euratom is governed by the Treaty on the Functioning of the European Union⁴ and, in particular, Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.⁵

The Commission shall implement the Union budget in accordance with the principle of sound financial management.⁶ This entails compliance with an effective and efficient internal control, applying to all levels of

⁴ Treaty on the Functioning of the European Union (OJ C 326, 26.10.2012, p. 47) ('TFEU')

⁵ OJ L 193, 30.7.2018, p. 1.

⁶ Art. 310 TFEU.

management.⁷ The internal control builds on the best international practices and includes, in particular, segregation of tasks, avoidance of conflict of interests⁸, adequate audit trails, prevention, detection, correction and follow-up of fraud and irregularities, an adequate management of the risks relating to the legality and regularity of transactions as well as a compliance function⁹. The efficiency and efficacy of the internal management, control and audit systems are subject to internal audit¹⁰. Internal audit function is performed in compliance with the relevant international standards¹¹ and enjoys complete independence¹².

Budgetary implementation by the Commission is also subject to auditing by the European Court of Auditors. The control aims at verifying that all revenue has been received and all expenditure incurred in a lawful and regular manner and whether the financial management has been sound¹³. Through the establishment of the Early Detection and Exclusion System¹⁴ the Commission has further reinforced the protection of the Union's financial interests and the safeguards for a sound financial management. The Early Detection and Exclusion System aims at identifying persons or entities in the framework of budget implementation representing risks threatening the Union's financial interests, at establishing criteria for excluding such persons and entities from receiving Union's funds and at creating a system of financial penalties in case such persons or entities are beneficiaries or recipients of Union's funds.

In the framework of Next Generation EU, the Commission has set up a risk management and compliance framework with the aim of ensuring that the instrument's implementation is consistent with the highest standards of integrity, regularity and legality and sound financial and risk management. This includes the definition of policies for minimising liquidity and counterparty risks and for ensuring compliance with applicable laws and policies relating to anti-money laundering, prevention of terrorism financing, tax avoidance, tax fraud and tax evasion. In such regard, the implementation of the execution of borrowing transactions under Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom¹⁵ will not involve any counterparty incorporated or established in a country included in the EU list of non-cooperative jurisdictions for tax purposes¹⁶ or identified as high risk third countries pursuant to Article 9(2) of Directive EU No 2015/849¹⁷ and listed in Delegated Regulation 1675/2016¹⁸, as amended, novated, supplemented, extended,

⁷ Art. 36 Regulation (EU, Euratom) 2018/1046.

⁸ *Ibid.*, art. 61.

⁹ *Ibid.*, art. 24.

¹⁰ *Ibid.*, art. 117.

¹¹ *Ibid.*

¹² *Ibid.*, art. 120.

¹³ Art. 287 TFEU, art. 255 and ss. Regulation (EU, Euratom) 2018/1046.

¹⁴ Artt. 135 to 140 Regulation (EU, Euratom) 2018/1046.

¹⁵ OJ L 424, 15.12.2020, p. 1.

¹⁶ the EU list of "non-cooperative jurisdictions for tax purposes 2019/C 210/05 is published in the Official Journal of the European Union and on the website <https://www.consilium.europa.eu/en/policies/eu-listof-non-cooperative-jurisdictions/>

¹⁷ Directive (EU) No 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L141, 5.6.2015, p.73)

¹⁸ Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies (OJ L 254, 20.9.2016, p. 1).

replaced or restated from time to time¹⁹ or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information and breaches of sanction regimes.

Data protection

When acting in implementing the Union and the Euratom budget²⁰, the Commission shall comply with Regulations (EU) No 2016/679²¹ and (EU) 2018/1725²².

MIFID exemption

As public body charged with the management of public debt, the Commission is exempted from Directive 2014/65/EU²³ based on Articles 2(1)(h) and 2 (2) of this same Directive.

¹⁹ <https://eurlex.europa.eu/homepage.html> or any successor website

²⁰ Art. 5 Regulation (EU, Euratom) 1046/2018.

²¹ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

²² Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

²³ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).