

REGULATIONS ON THE SECONDARY OFF-EXCHANGE MARKET IN LINEAR BONDS, STRIPS AND TREASURY CERTIFICATES¹

UNOFFICIAL COORDINATION AND TRANSLATION

CHAPTER I Definitions and scope

Article 1. For the purpose of these regulations the following definitions shall apply:

1. Royal Decree: the Royal Decree of 22 December 1995 on the organisation of the secondary off-exchange market in linear bonds, strips and Treasury certificates;
 2. market: the market referred to in Article 2 of the Royal Decree;
 3. linear bonds: linear bonds issued by the Belgian State;
 4. strips: securities obtained by splitting linear bonds in accordance with the Chapter VI of the Royal Decree of 16 October 1997 on linear bonds;
 5. Treasury certificates: Treasury certificates issued by the Belgian State;
 6. [intermediary: any member of the market referred to in Article 2 of the Royal Decree;](*)
- (*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 6 November 1997, approved by Ministerial Decree of 1 December 1997 (*Moniteur belge / Belgisch Staatsblad* of 5 December 1997)
7. Primary Dealer: any market-maker referred to in Article 8 of the Royal Decree;
 8. Inter Primary Dealer Broker: the intermediary acting as Inter Primary Dealer Broker provided for by a code of duties as referred to in Article 8 of the Royal Decree;
 9. offer: any proposal for a transaction on the market coming from an intermediary and accompanied by mention of a price;
 10. transaction day: the day on which the transaction is concluded;

¹ Decree by the Securities Regulation Fund Committee of 27 December 1995, approved by Ministerial Decree of 24 January 1996 (*Moniteur belge / Belgisch Staatsblad* of 31 January 1996), modified:

- by the Decree by the Securities Regulation Fund Committee of 6 November 1997, approved by Ministerial Decree of 1 December 1997 (*Moniteur belge / Belgisch Staatsblad* of 5 December 1997); and,
- by the Decree by the Securities Regulation Fund Committee of 16 March 1998, approved by Ministerial Decree of 31 March 1998 (*Moniteur belge / Belgisch Staatsblad* of 8 April 1998); and,
- by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998); and,
- by the Decree by the Securities Regulation Fund Committee of 25 January 1999, approved by Ministerial Decree of 25 January 1999 (*Moniteur belge / Belgisch Staatsblad* of 5 February 1999); and,
- by the Decree by the Securities Regulation Fund Committee of 15 March 1999, approved by Ministerial Decree of 1 April 1999 (*Moniteur belge / Belgisch Staatsblad* of 9 April 1999); and,
- by the Decree by the Securities Regulation Fund Committee of 21 April 1999, approved by Ministerial Decree of 5 May 1999 (*Moniteur belge / Belgisch Staatsblad* of 12 May 1999); and,
- by the Decree by the Securities Regulation Fund Committee of 6 March 2000, approved by Ministerial Decree of 24 March 2000 (*Moniteur belge / Belgisch Staatsblad* of 1 April 2000).
- by the Decree by the Securities Regulation Fund Committee of 10 December 2001, approved by Ministerial Decree of 9 January 2002 (*Moniteur belge / Belgisch Staatsblad* of 17 January 2002).

11. value date: the date on which the transaction is to be settled;
- [12. bank working day: any day on which the Target system (Trans-European Automated Real-time Gross settlement Express Transfer System) is in operation.](*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 6 March 2000 approved by Ministerial Decree of 24 March 2000 (Moniteur belge / Belgisch Staatsblad of 1 April 2000).

Art. 2. These market regulations shall apply to any form of intermediation, any offer and any transaction by an intermediary on the market. They shall apply without prejudice to any more stringent obligations to which Primary Dealers are subject pursuant to the code of duties which they have signed.

CHAPTER II General obligations

Art. 3. For any form of intermediation, any offer and any transaction on the market, every intermediary must act in accordance with the laws and regulations applicable, the provisions of these regulations, particularly Articles 4 to 11 thereof, honest practice in trading in financial instruments and the highest principles of integrity.

Art. 4. § 1 Intermediaries may not propose or encourage any measure whatsoever which would incite their client to fail to respect his legal obligations including those in relation to the State.

§ 2 For the purposes of § 1, intermediaries shall, in particular, ensure that they do not set up, assist or encourage any special arrangements which have as their object or effect the promotion of tax evasion on the part of third parties.

Art. 5. § 1 Intermediaries shall ensure that they act honestly and fairly so that integrity and honest practices on the market are promoted to the greatest possible extent.

§ 2 For the purposes of § 1, intermediaries shall, in particular, ensure that they:

- refrain from any action which might impair the transparency and efficient execution of offers and transactions;
- do not propagate information which they know or should know to be incorrect or biased;
- act promptly and honestly vis-à-vis their counterparties;
- do not create or allow the impression that they are prepared to effect a transaction on specific terms if in reality they do not intend to effect the transaction or are only prepared to effect it on different terms;
- do not simultaneously conclude buying and selling transactions on their own account without any economic reason and for the sole purpose of establishing a price or increasing a volume.

Article 6 § 1 Intermediaries shall do their best to serve the interests of their clients with the necessary competence, care and diligence, taking account of the level of professional knowledge of such clients.

§ 2 For the purposes of § 1, intermediaries shall in particular:

- treat all clients fairly and equally;

- make sure that their client knows clearly whether they are acting for him as representative, commission agent, broker or counterparty;
- when acting as representative, commission agent or broker, seek the terms most advantageous to their client;
- when acting as representative, commission agent or broker, execute their client's orders in the shortest time compatible with execution under the most advantageous conditions for him, except as otherwise instructed by the client;
- when acting as counterparty, effect transactions on terms which do not differ unreasonably from those on which market-makers are prepared to effect transactions at that time;
- assess the professional knowledge of the client in relation to the investor originating the order, whether the order is placed directly by the investor himself or indirectly by an intermediary not acting in his own name;
- record the date and time of receiving the order from a customer and keep those records for three months from the execution or expiry of the order.

Art. 7. Intermediaries shall ensure that they conform to all codes of conduct and all rules applicable to the pursuit of their activities on the market for the optimum protection of the interests of their clients and the integrity of the market.

Art. 8. § 1 Intermediaries shall ensure that they obtain in an appropriate manner from clients consulting them all relevant information concerning the financial position of their clients, their experience in investment matters and their investment objectives which are reasonably significant for the optimum fulfilment of their commitments in relation to their clients as regards the services requested.

§ 2 For the purposes of § 1, intermediaries shall take account of the client's level of professional knowledge. The client's professional knowledge shall be assessed in relation to the investor originating the order, whether the order is placed directly by the investor himself or indirectly by an intermediary not acting in his own name.

Art. 9. § 1 Intermediaries shall take reasonable steps to ensure that, within a reasonable period of time, clients consulting them are provided with all information, in comprehensible language, enabling them to take a well-considered decision with due knowledge of the situation. At the simple request of the client, intermediaries shall give him a complete and honest account of their commitments towards him.

§ 2 For the purposes of § 1, intermediaries shall, in particular, ensure that they:

- respect the provisions of Article 18 as regards contract notes;
- respond without delay to any request for information from their client on the progress of the execution of an order and, if the order has been executed, on the terms of the transaction concluded;
- take account of the level of professional knowledge of the client; the client's professional knowledge shall be assessed in relation to the investor originating the order, whether the order is placed directly by the investor himself or indirectly by an intermediary not acting in his own name.

Art. 10. § 1 Intermediaries shall ensure that they avoid any possible conflict of interests. If such a conflict is inevitable, they must ensure that their clients are treated fairly and equally and, if appropriate, they must pursue any other measures such as the account giving obligation, compliance with internal rules on confidentiality or refusal to act.

Intermediaries shall ensure that they do not accord unfair precedence to their own interests over those of their clients. If a duly informed client can reasonably expect his intermediary to accord precedence to the client's interests over his own, the said intermediary must meet the expectation of his client.

§ 2 For the purposes of § 1, intermediaries must in particular:

- make an appropriate distinction between their activities as intermediaries on the market and their other activities;
- treat a client's orders or transactions with all the discretion which the client can legitimately expect;
- use the information provided by their client solely for the purposes for which that client confided that information; unless the client gives his consent, they shall, in particular, refrain from using such information for the purposes of a transaction on their own account or on behalf of a third person without the involvement of that client.

Art. 11. § 1 Intermediaries must have and make effective use of the resources and procedures necessary for the successful conduct of their activities.

§ 2 For the purposes of § 1, intermediaries must, in particular, set up procedures guaranteeing that members of their staff or persons collaborating in the exercise of their activities help to ensure compliance by those intermediaries with the rules and obligations referred to in Article 3.

Art. 12. The Inter Primary Dealer Broker may not intervene in any capacity whatsoever in buying and selling securities forming the subject of his duties except vis-à-vis the following persons:

- Primary Dealers responsible for ensuring the liquidity of the market in those securities;
- the State;
- the National Bank of Belgium, for transactions effected in implementation of monetary policy.

CHAPTER III Rules applicable to all offers and transactions

Art. 13. Any operator soliciting an offer from an intermediary shall inform him of his identity and state, if appropriate, that he is not acting in his own name. If he is envisaging a transaction with a particular value date or on specific terms he shall specify that value date or those special terms when requesting an offer.

If an offer is not accepted in his own name, the transaction shall be concluded only on condition that the counterparty is acceptable to the intermediary making the offer.

Art. 14. An offer must expressly state the particular value date simultaneously with any special terms applicable to the transaction offered, unless that value date or those terms correspond to those in the request for an offer.

Art. 15. Except in cases of simultaneous express mention to the contrary, an offer shall be firm for any amount and period of time usual on the market, having regard to the nature of the transaction.

Art. 16. A transaction concluded orally shall be binding. The written or electronic confirmation thereof shall serve as proof and may not unilaterally change the agreed terms of the transaction.

The recording of conversations on magnetic tape may help to prevent and resolve misunderstandings and errors. If conversations are recorded on tape, the intermediary must take appropriate steps to inform the client or the counterparty thereof.

Art. 17. [Intermediaries must confirm to their counterparty, on the actual date of the transaction, all the conditions of the transaction concluded between them, either in writing or electronically.](*)
Wherever possible, such confirmation must reach the counterparty before office closing time.

[If both parties which have concluded the transaction in their own names have agreed to settle it in the securities clearing system of the National Bank of Belgium as direct participants in that system,](*) they shall confirm the transaction referred to in paragraph 1 exclusively in the form of notification to the system. No other form of confirmation may be used except in one of the following cases:

- the information included in the notification is manifestly inadequate to permit confirmation of the transaction in all its particular characteristics;
- the two parties have expressly agreed to confirm the transaction in a different way.

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

Art. 18. Intermediaries shall provide their ordering client with a contract note no later than the next working day in the stock exchange or banking sector, depending on the case, confirming the execution of any transaction which that client instructed them to carry out.

The contract note shall state:

- the identity of the intermediary;
- the identity of the client;
- the transaction date;
- the nature of the transaction;
- the nature of the intervention by the intermediary;
- the identification of the securities traded, particularly by stating their standard ISIN code;
- the nominal amount of the securities traded;
- the price;
- if appropriate, the statement of interest accrued and payable;
- if appropriate, the brokerage and costs payable;
- the amount to be settled in cash;
- the value date;
- and any other special conditions in general.

Art. 19. Except as otherwise agreed by the parties or unless laws or regulations do not allow it, securities traded shall be delivered in dematerialised form.

[**Art. 20.** In cases where securities are to be transferred in dematerialised form, each party shall supply all information necessary for the settlement of the transaction to the settlement clearing system of the National Bank of Belgium on the actual day of transaction and, wherever possible, before office closing time, or, if the party does not settle the transaction as a direct participant of that system, to the institution which it has made responsible for the settlement of the transaction.](*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

Art. 21. [...] (*)

(*) Rescinded by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

Art. 21bis. [...] (*)

(*) Rescinded by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

Art. 22. In cases where the securities traded are transferred in the form of registered entries in a national government debt register, the securities shall be delivered, depending on the case, in accordance with Article 16 or Article 47 (3) et seq. of the Royal Decree of 23 January 1991 on national debt securities.

Art. 23. Except as otherwise expressly agreed by the parties, the securities shall be delivered only against payment or on deposit of the agreed guarantee.

[**Art. 24.** Each amount in euros, due from a transaction, shall be rounded:

- down to the nearest cent if the fraction is less than 0.5 cent
- up to the nearest cent if the fraction is 0.5 cent or greater] (*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

CHAPTER IV Rules applicable to buying and selling

Section I: Price and value date

Art. 25. For purchases and sales the price shall be expressed:

1. in the case of linear bonds, in the form of a price which is a percentage of the nominal value of the securities; that price presupposes the obligation on the buyer to pay the seller in addition the accrued interest, calculated in accordance with Article 28;
2. in the case of strips, in the form of an annual interest rate which indicates for the buyer of the securities the return on the investment calculated according to the formulas indicated in Article 29, during the period from the value date of the purchase to maturity of the securities;
3. in the case of Treasury certificates, in the form of an annual interest rate which indicates for the buyer of the securities the return on the investment calculated according to the formula indicated in Article 30, during the period from the value date of the purchase to maturity of the securities.

Art. 26. Where an offer does not relate simultaneously to a purchase and a sale, it shall be expressly stated whether it is an offer to buy or an offer to sell.

In the case of an offer relating simultaneously to a purchase and a sale:

1. if the offer concerns linear bonds, the lower price indicated shall apply to the purchase of the securities by the person making the offer and the higher price indicated shall apply to the sale of the securities by the person making the offer;

2. if the offer concerns strips or Treasury certificates, the higher rate indicated shall apply to the purchase of the securities by the person making the offer and the lower price indicated shall apply to the sale of the securities by the person making the offer.

Art. 27. Unless the contrary is expressly and simultaneously stated when the transaction is concluded, the value date of a purchase/sale shall be:

1. in the case of [...] (*) Treasury certificates, the second bank working day [...] (**) following the transaction day;
2. in the case of linear bonds [...] (*) and strips, the third bank working day [...] (**) following the transaction day.

(*) Deleted by the Decree by the Securities Regulation Fund Committee of 21 April 1999, approved by Ministerial Decree of 5 May 1999 (*Moniteur belge / Belgisch Staatsblad* of 12 May 1999).

(**) Deleted by the Decree by the Securities Regulation Fund Committee of 6 November 1997, approved by Ministerial Decree of 1 December 1997 (*Moniteur belge / Belgisch Staatsblad* of 5 December 1997).

Section II : Amount payable

[**Art. 28.** The accrued interest (I) payable by the buyer of linear bonds at a fixed rate of interest at the time of settlement shall be calculated according to the following formula:

$$I = Y \times \frac{i}{100} \times \frac{n}{b}, \text{ where}$$

- Y equals the nominal amount of the traded securities;
- i equals the amount of interest due by the issuer at the end of the interest period current on the value date and is expressed as a percentage of the nominal value;
- n is the exact number of calendar days from the starting date of the interest period current on the value date (included) up to the value date (not included);
- b equals the exact number of calendar days from the starting date of the interest period current on the value date (included) up to the maturity date of the interest of this period (not included).

If the value date coincides with the due date of interest, the seller shall retain the interest and no accrued interest shall be payable.] (*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 25 January 1999, approved by Ministerial Decree of 25 January 1999 (*Moniteur belge / Belgisch Staatsblad* of 5 February 1999).

[**Art. 28bis.** The accrued interest (I) payable by the buyer of variable-interest-rate linear bonds shall be calculated according to the following formula:

$$I = Y \times \frac{i}{100} \times \frac{n}{360}, \text{ where}$$

- Y equals the nominal amount of the traded securities;
- i is the nominal annual interest rate of the traded securities for the interest period current on the value date;
- n is the exact number of calendar days from the starting date of the interest period current on the value date (included) up to the value date (not included).

If the value date coincides with the due date of interest, the seller shall retain the interest and no accrued interest shall be payable.](*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 25 January 1999, approved by Ministerial Decree of 25 January 1999 (*Moniteur belge / Belgisch Staatsblad* of 5 February 1999).

[Art. 29. In the case of the purchase of strips, the amount (c) payable by the buyer shall be calculated according to the following formula:

$$c = \frac{y}{\left[1 + \frac{i}{100}\right]^{N + \frac{k}{b}}}, \text{ where}$$

- y equals the nominal amount of the securities traded;
- i corresponds to the interest rate applicable to the transaction;
- N represents the number of full calendar years from the value date of the transaction (included) up to the due date of the securities traded (not included);
- k represents the exact number of calendar days from the value date of the transaction (included) up to the next interest payment date on the linear bonds from which the securities purchased originated (not included);
- b represents the exact number of calendar days between the starting date of the interest period current on the value date (included), for linear bonds from which the securities purchased originate, and the maturity date of the interest for this period (not included).](*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

[Art. 30. In the case of the purchase of Treasury certificates, the amount (c) payable by the buyer shall be calculated according to the following formula:

$$c = \frac{y}{1 + \left[\frac{i}{100} \times \frac{n}{360}\right]}, \text{ where}$$

- y equals the amount of the Treasury certificates entered on the account or transferred to the national government debt register;
- i corresponds to the interest rate applicable to the transaction;
- n represents the exact number of calendar days from the value date of the transaction (included) up to the maturity date of the Treasury certificates traded (not included).](*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

Section III: Late payment and delivery

Art. 31. If, with effect from the value date and notwithstanding the presentation of securities for delivery by the seller, the buyer does not execute his payment obligation, the buyer must automatically pay the seller, unless otherwise agreed by the parties, a fixed rate of compensation (r) calculated as follows:

$$[r = c \times \frac{i + 3.5}{100} \times \frac{n}{360}]^{(*)}, \text{ where}$$

- c is the amount which the buyer must pay in cash;
- [i corresponds to the current nominal annual rate of interest of the marginal loan facility of the European Central Bank;]^(*)
- n corresponds to the number of calendar days between the value date of the transaction, or, if that is later, the date of presentation of the securities by the seller (included), and the date of settlement of the transaction or the value date of the sale on the market referred to in Article 32 § 3 (1) (not included).

If several rates *i* apply during the period for which the compensation is due, the fixed-rate compensation shall be calculated separately for as many periods as there are different rates and shall take account of the new rate with effect from the date on which it first applies.

The fixed-rate compensation shall be paid no later than the date of settlement of the transaction or the value date of the sale on the market referred to in Article 32 § 3 (1).

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 30 November 1998, approved by Ministerial Decree of 14 December 1998 (*Moniteur belge / Belgisch Staatsblad* of 19 December 1998).

Art. 32. § 1 Unless expressly agreed otherwise, if the buyer has not yet paid the price of the transaction at the end of the second bank working day [...] ^(*) following the value date, or the date on which the seller presented the securities for delivery if that is later, the seller may with effect from that moment advise the buyer that he intends to cancel the transaction in the absence of payment within two bank working days [...] ^(*) following the sending of that notice.

The notice shall describe the characteristics of the transaction in question. It shall be sent to the buyer by fax and by registered letter posted on the same day. A copy of the notice shall be simultaneously sent by the same methods to the Securities Regulation Fund Committee.

§ 2 If, at the end of the second bank working day [...] ^(*) following the sending of the notice, the buyer has still not paid the price, the transaction shall be automatically cancelled.

The seller shall inform the Securities Regulation Fund Committee of such cancellation by fax and by registered letter posted as soon as possible and no later than 11.00 a.m. on the third bank working day [...] ^(*) following the sending of the notice.

On learning that the transaction has been cancelled, the Securities Regulation Fund Committee shall designate an intermediary with whom intervention conditions have been agreed, for the purpose of effecting a sale on the market.

§ 3 The designated intermediary shall proceed to sell on the market as soon as possible, in the name and for the account of the seller:

- securities of the same type as those in the cancelled transaction and for the identical nominal amount;
- with the usual value date defined by Article 27;
- in the manner most advantageous to the seller, in accordance with the third indent of Article 6 § 2.

On the actual date of sale on the market, the designated intermediary shall indicate to the seller, the defaulting buyer and the Securities Regulation Fund Committee, by fax and by registered letter:

- the date and time of conclusion of the sale;
- the value date of the sale;
- the amount payable in cash with a note of the price and, if appropriate, the statement of accrued interest payable;
- details of the brokerage and costs payable by the seller to the designated intermediary.

As soon as they are available to him, the seller shall send a copy of the contract notes relating to the sale on the market to the defaulting buyer and to the Securities Fund Regulation Committee by the same methods.

§ 4 Without prejudice to the application of Article 31, the difference between the cash value of the cancelled transaction and the cash value of the sale referred to in the third indent of § 3 (2) minus the brokerage and costs referred to in the fourth indent of § 3 (2) shall be paid on the value date of the sale:

- by the defaulting buyer to the seller, if the difference is positive;
- by the seller to the defaulting buyer, if the difference is negative.

For the purpose of calculating the difference referred to in the preceding paragraph, the amount of any interest due between the value dates of the two transactions shall be deducted from the cash amount payable on the cancelled transaction.

(*) Deleted by the Decree by the Securities Regulation Fund Committee of 6 November 1997, approved by Ministerial Decree of 1 December 1997 (*Moniteur belge / Belgisch Staatsblad* of 5 December 1997).

Art. 33. § 1 Unless expressly agreed otherwise, if the seller has still not presented the securities for delivery at the end of the seventh calendar day following the value date, the buyer may from that moment advise the seller of his intention to cancel the transaction in the absence of delivery within two bank working days [...] (*) following the sending of the notice. If the seventh calendar day following the value date is not a bank working day [...] (*), the period shall be extended to the next bank working day.

The notice shall describe the characteristics of the transaction in question. It shall be sent to the seller by fax and by registered letter posted on the same day. A copy of the notice shall be sent simultaneously and by the same methods to the Securities Regulation Fund Committee.

§ 2 If at the end of the second bank working day [...] (*) following the sending of the notice the seller has still not presented the securities for delivery, the transaction shall be automatically cancelled.

The buyer shall inform the Securities Regulation Fund Committee of such cancellation by fax and by registered letter posted as soon as possible and no later than 11.00 a.m. on the third bank working day [...] (*) following the sending of the notice.

On learning that the transaction has been cancelled, the Securities Regulation Fund Committee shall designate an intermediary, with whom intervention conditions have been agreed, for the purpose of effecting a purchase on the market.

§ 3 The designated intermediary shall proceed to buy on the market as soon as possible, in the name and for the account of the seller:

- securities of the same type as those in the cancelled transaction and for the identical nominal amount;
- with the usual value date defined by Article 27;
- in the manner most advantageous to the purchaser, in accordance with the third indent of Article 6 § 2.

On the actual date of purchase on the market, the designated intermediary shall indicate to the buyer, the defaulting seller and the Securities Regulation Fund Committee, by fax and by registered letter:

- the date and time of conclusion of the purchase;
- the value date of the purchase;
- the amount payable in cash with a note of the price and, if appropriate, the statement of accrued interest payable;
- details of the brokerage and costs payable by the buyer to the designated intermediary.

As soon as they are available to him, the seller shall send a copy of the contract notes relating to the purchase on the market to the defaulting seller and to the Securities Regulation Fund Committee by the same methods.

§ 4 The difference between the cash value of the cancelled transaction and the sum of the amounts referred to in the third and fourth indents of § 3 (2) shall be paid on the value date of the purchase:

- by the buyer to the defaulting seller, if the difference is positive;
- by the defaulting seller to the buyer, if the difference is negative.

For the purpose of calculating the difference referred to in the preceding paragraph, the amount of any interest due between the value dates of the two transactions shall be deducted from the cash amount payable on the cancelled transaction.

(*) Deleted by the Decree by the Securities Regulation Fund Committee of 6 November 1997, approved by Ministerial Decree of 1 December 1997 (*Moniteur belge / Belgisch Staatsblad* of 5 December 1997).

CHAPTER V Transparency of the market to be ensured by the Securities Regulation Fund Committee

[**Art. 34.** Pursuant to Article 10 (2) of the Royal Decree, on each day the Primary Dealers have to quote prices and interest rates according to the provisions of the code of duties they are bound by, the Committee shall determine :

- a reference price for each type of linear bond;
- a reference interest rate for the types of strips which it considers most representative;
- a reference interest rate for each type of Treasury certificate.

It shall publish that same day the prices and rates it shall have determined in accordance with paragraph 1.](*)

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 15 March 1999, approved by Ministerial Decree of 1 April 1999 (*Moniteur belge / Belgisch Staatsblad* of 9 April 1999)

Art. 35. Pursuant to Article 10 (3) of the Royal Decree, the Committee shall establish and publish on each bank working day statistical information relating to the transactions concluded on the previous working day. Without prejudice to the publication of other information, the Committee shall publish the volume of the following in nominal value:

- [purchases/sales [...](**) effected on the market for linear bonds in total, strips in total and Treasury certificates in total and operate a subdivision if applicable within these three categories of securities according to the currency in which they are denominated;](*)
- purchases/sales effected on the market by type of linear bond and by type of Treasury certificate.

(*) Thus replaced by the Decree by the Securities Regulation Fund Committee of 6 November 1997, approved by Ministerial Decree of 1 December 1997 (Moniteur belge / Belgisch Staatsblad of 5 December 1997).

(**) Thus removed by the Decree by the Securities Regulation Fund Committee of 10 December 2001, approved by Ministerial Decree of 9 January 2002 (Moniteur belge / Belgisch Staatsblad of 17 January 2002).

CHAPTER VI Internal supervision of intermediaries

Art. 36. The directors, managers and members of the management board of an intermediary shall ensure that their institution complies with the rules and obligations referred to in Article 3.

They shall notify the Securities Regulation Fund Committee without delay of any action by their institution which might constitute an infringement of the rules and obligations referred to in Article 3.

They shall inform the Securities Regulation Fund Committee of any final disciplinary sanction imposed on a member of their staff for failure to fulfil his professional obligations arising from these market regulations. The notification shall state the identity of the person penalised and the reasons for the sanction.

CHAPTER VII Intervention by the Securities Regulation Fund Committee

Art. 37. The complaints and requests for arbitration referred to respectively in Article 5 § 2 and Article 7 of the Royal Decree and the notifications referred to in Article 36 (2) and (3) of these market regulations must be addressed in writing to the chairman of the Securities Regulation Fund Committee, Avenue des Arts 30, 1040 Brussels.

Art. 38. In the exercise of the duties entrusted to it by the Royal Decree, the Securities Regulation Fund Committee may, if it deems it appropriate, rely on the opinions and advice of the National Bank of Belgium, other supervisory or market authorities and, as regards market practice and customs, established market operators.

CHAPTER VIII Final provisions

Art. 39. The Securities Regulation Fund resolution of 29 July 1991 laying down the regulations on the off-exchange market in linear bonds and the secondary market in Treasury certificates is hereby rescinded.

Art. 40. This resolution shall enter into force on the date on which the Ministerial Decision approving it takes effect.
