REPUBLIC OF RWANDA

GOVERNMENT SECURITIES MARKET MAKING AGREEMENT

MARKET-MAKING: A PILOT PROGRAM

BETWEEN

THE NATIONAL BANK OF RWANDA

AND

..

Effective date: ....

Pilot period: .... to ....

PREAMBLE

The Government of Rwanda recognizes the importance of a deep, liquid, transparent and efficient government securities market to mobilise domestic savings, finance public expenditure and develop Rwanda's broader capital market.

MINECOFIN, in coordination with NBR, intends to establish a Pilot Market Making Program to strengthen secondary-market liquidity and improve price discovery and trading efficiency.

The Program is initially a one-year pilot during which the parties will assess market impact, operational feasibility, liquidity outcomes and appropriate parameters for a possible permanent framework.

The Market Maker has represented that it has the regulatory authorization, financial capacity, personnel, systems and expertise necessary to perform the obligations under this Agreement.

The parties intend this Agreement to be a binding contractual framework governing appointment, rights, obligations, monitoring, suspension and termination, subject to Applicable Law.

NOW THEREFORE, the parties agree as follows:

Article 1: Purpose and Scope

The purpose of this Agreement is to establish the terms under which the Market Maker participates in the Program.

The objectives for which this Agreement is made, are to improve secondary-market liquidity; support transparent price discovery; narrow bid-offer spreads; facilitate trading by eligible investors; strengthen the benchmark yield curve; and support development of Rwanda's fixed-income and capital markets.

During the initial phase, mandatory market-making obligations shall apply only to the to the Designated Securities specified in Schedule 1. NBR may add, remove or modify Designated Securities in accordance with Article 18, following consultation with the Market Making Committee and a one month notice to all counterparties.

Article 2: Definitions and interpretation

(a) "**Applicable Law**" means all laws, regulations, directives, rules, guidelines, circulars, notices and binding instructions applicable in Rwanda to the

Government securities market, the Market Maker or activities contemplated under this Agreement, as amended or replaced from time to time.

(b) "**Benchmark Bonds"** means the Designated Benchmark Bonds specified in Schedule 1.

(c) "**Business Day**" means a day on which NBR, RSE and relevant settlement infrastructure are open for business in Rwanda.

(d) **"CMA"** means the Capital Market Authority of Rwanda.

(e) **"Designated Securities"** means Government securities designated by NBR for market-making purposes.

(f) **"Firm Quote"** means a bid or offer displayed by the Market Maker that, subject to applicable quote size, validity period and permitted exceptions, is executable at the stated price or yield.

(g) **"Government Securities"** means negotiable debt securities issued by or on behalf of the Republic of Rwanda, including Treasury Bills and Treasury Bonds, as applicable.

(h) **"Market Maker"** means the entity appointed by NBR under this Agreement to provide two-way liquidity in Designated Securities.

(i) **"Market makers committee"** means the committee established under article 13.

(j) **Material changes** means changes affecting the economic or risk profile of obligations of the parties to this Agreement, including obligations set in the Schedule.

(k) **"MINECOFIN**" means the Ministry of Finance and Economic Planning.

(l) **"NBR"** means the National Bank of Rwanda, acting under this Agreement and, where applicable, as agent for MINECOFIN.

(m) **"Program"** means the initial market-making program specified in Schedule 1.

(n) **"RSE"** means the Rwanda Stock Exchange.

(o) **"Trading Platform"** means the electronic trading facility designated for trading Government Securities.

(p) "**Market-wide Disruption**" means a failure or extraordinary event affecting trading, settlement, payment, market data, or official communications generally.

(q) "**Trading Session**" means the period during which Firm Quote obligations apply.

References to laws and regulations include amendments, supplements, replacements and re-enactments.

Where this Agreement conflicts with mandatory Applicable Law, the mandatory law prevails.

<u>Article 3</u>: Legal and institutional framework

(a) MINECOFIN retains responsibility for debt-management policy, borrowing strategy, issuance strategy, benchmark-building policy, and approval of material issuance-plan changes;

(b) NBR administers the Pilot Program, conducts issuance operations as fiscal agent where applicable, appoints and evaluates Market Makers, monitors compliance, and issues Operational Notices;

(c) CMA exercises its statutory licensing, supervision, market-conduct, and investor-protection responsibilities;

(d) RSE administers applicable trading-venue rules and supplies verified trading data; and

No instruction or Operational Notice may impose a Material Change except under Article 18. Nothing in this Agreement authorizes activity outside the Market Maker's licence.

<u>Article 4</u>: Designation

NBR shall designate an eligible applicant as NBR Designated Market Maker following an assessment of its compliance with the applicable eligibility and regulatory requirements. NBR may reject an application where the applicant does not meet such requirements.The Market Maker who accepts the designation, shall perform its obligations professionally, in good faith and in accordance with this Agreement.

Designation is non-exclusive. NBR may appoint additional Market Makers.

The Market Maker shall not transfer or assign its status without NBR's prior written approval and any required regulatory approval.

The market maker shall promptly notify NBR of any merger, restructuring, material asset transfer or change of control. . Such transactions shall require prior approval except where required under applicable law or regulatory requirements.

<u>Article 5</u>: Eligibility and continuing requirements

The Market Maker shall:

(a) be duly incorporated and legally authorized in Rwanda;
(b) maintain required licences and approvals;
(c) maintain financial and operational capital of **500,000,000 RWF** For Banks and **100,000,000 RWF** for brokers;
(d) maintain qualified dealing, risk, compliance, operations and technology staff;
(e) maintain reliable access to trading, market-data, clearing and settlement systems;
(f) maintain at least one Bloomberg, Refinitiv or equivalent recognized market-data system, or an NBR-approved alternative;

(g) maintain appropriate internal controls, risk management and business continuity arrangements; and
(h) comply with applicable prudential, conduct, AML/CFT, market-abuse, reporting and record-keeping requirements.

NBR may periodically review continuing eligibility and request reasonable evidence of compliance.

<u>Article 6</u>: Rights and privileges

Subject to Applicable Law, the Market Maker may:

(a) be recognized as an appointed Market Maker by the NBR;
(b) participate in primary and secondary Government Securities markets;
(c) be eligible for switches, buybacks, exchanges, or other liability-management operations" or "participate in consultations on calendars, reopenings, and benchmark strategy
(d) submit primary bids for its own account and, where permitted, for eligible clients;
(e) receive relevant NBR notices, issuance information and market reports;
(f) participate at the Market Maker Committee (MMC) meetings
(g) participate in Program consultations; and
(h) access to Central Bank liquidity facilities remain subject exclusively to the separate eligibility and operating rules of those facilities and shall not arise solely from Market Maker status (Intraday Liquidity Facility, Standing Lending Facility and Repo).

This Agreement does not create an entitlement to guaranteed profits, preferential pricing or central-bank funding unless expressly provided under a separate facility or agreement.

<u>Article 7</u>: Primary-market obligations

Subject to Applicable Law, the Market Maker shall:

(a) participate in all primary auctions, reopenings of Designated Benchmark Securities in accordance with issuance rules and other debts management operations;
(b) submit client bids to the auction;
(c) shall make reasonable efforts to support primary distribution of Designated Securities to eligible clients;
(d) Purchase for his own account or for a reasonable amount of the Benchmark bonds offered in a 12-month period;
(e) submit reports on primary and secondary market transactions as agreed in the MMA;

(f) promote the Benchmark Bonds among investors, and endeavour to educate and increase the diversity of investors participating in the Rwandan government bond market.

The Market Maker shall not coordinate bids, prices, allocations or other conduct with other Market Makers in a manner constituting collusion, manipulation or other prohibited conduct.

<u>Article 8</u>: Secondary market obligations

A Market Maker shall maintain firm quotes in each Designated Benchmark Security:

(a) during designated market-making trading sessions and within Schedule 1 parameters.
(b) on the specified platform;
(c) within the maximum bid-offer spread specified in Schedule 1.
(d) for at least the minimum quote size specified in Schedule 1.
(e) for the minimum validity period specified in Schedule 1, subject to Article 9.
(f) accepted quotes shall be executed and settled through the applicable trading and settlement infrastructure.
(g) Non-benchmark securities shall be quoted on a best-efforts or request-for-quote basis unless formally designated under Article 18.
(h) shall be conducted consistently with orderly markets, fair dealing and prevention of misleading or manipulative trading.

<u>Article 9</u>: Permitted exceptions and market disruptions

The Market Maker may temporarily withdraw, widen or suspend quotes where reasonably necessary due to a Permitted Exception.

Permitted Exceptions include market closure or suspension; material failure of trading, market-data or settlement infrastructure; declared market emergency; material change to a Designated Security pending implementation; primary issuance events subject to special rules; extraordinary market movements beyond agreed parameters; force majeure; legal or regulatory restrictions; or other circumstances approved by NBR.

NBR and RSE shall be notified within 30 minutes, or as soon as technically possible, with the security, start time, reason, likely duration, and remedial action. The Market Maker will resume normal quoting as soon as the circumstance ceases.

<u>Article 10</u>: Trading, execution and settlement

Transactions shall be executed through approved trading and settlement arrangements.

The Market Maker shall maintain adequate operational capacity and resources to meet settlement obligations.

Transactions shall be recorded, confirmed and settled within the applicable settlement cycle.

Nothing requires a transaction that would breach law, prudential requirements, client-protection obligations or binding market rules.

<u>Article 11</u>: Risk management and market conduct

The Market Maker shall maintain appropriate limits and controls for interest-rate, duration, inventory, liquidity, funding, counterparty, settlement, operational, technology, legal and compliance risks.

The Market Maker shall not engage in price manipulation, , dissemination of false or misleading information, or other prohibited conducts.

Records sufficient to demonstrate compliance shall be maintained for the period required by law.

<u>Article 12</u>: Obligations of NBR and coordination with MINECOFIN

NBR shall:

(a) define program objectives and parameters after having consulted Minecofin on the medium-term debt management strategy and issuance Program **;** after having consulted Minecofin on the medium-term debt management strategy and issuance program;
(b) publish the issuance plan and the auction calendar in time to raise investor awareness;
(c) make decisions on the auction results based on quality of demand and within the timeframe as per the auction rules;
(d) publish auction results within one hour after closing the auction;
(e) monitor performance transparently and objectively;
(f) provide reasonable operational guidance;
(g) convene the Market Makers Committee; and
(h) coordinate with MINECOFIN and relevant authorities on Program development.

MINECOFIN retains its statutory responsibility for Government debt-management policy, borrowing strategy, issuance strategy, benchmark-building policy and approval of material issuance plan changes. Nothing transfers MINECOFIN's statutory responsibilities to NBR or the Market Maker.

Article 13: Market makers committee

A Market Makers Committee is established as a consultative and monitoring forum.

It shall comprise representatives of NBR, MINECOFIN, CMA, RSE and one representative of participating Market Makers.

It shall review performance and liquidity, discuss operational issues, review reports, recommend parameter changes and consider Program expansion.

The Market makers Committee shall meet at least quarterly or more frequently when necessary and it will be chaired by NBR.

The Committee is consultative and shall not exercise powers reserved by law to NBR, MINECOFIN, CMA, RSE or another authority.

A Market Makers Committee shall be chaired by NBR and shall convene the meeting as and when deemed necessary

Article 14: Reporting, monitoring and performance evaluation

The Market Maker shall submit reports specified in Schedule 3 and other information reasonably required by NBR.

Performance indicators include quote availability, spread compliance, quote-size compliance, trading turnover, primary participation, execution responsiveness, reporting timeliness and regulatory compliance.

NBR may assign performance ratings and use them in decisions on continuation, renewal, modification or suspension.

The Market Maker shall cooperate with reasonable monitoring, audit and inspection by NBR and provide relevant records, systems and personnel subject to Applicable Law.

Article 15: Fees, incentives and operational support

Fees, incentives, rebates or other benefits shall be expressly stated in Schedule 2 or a separate written instrument.

Unless expressly stated otherwise, the Market Maker bears its own Program participation costs.

Any NBR liquidity facility, including an intraday facility where available, is governed by separate eligibility criteria and documentation and is not guaranteed by this Agreement. A market maker will only access NBR liquidity facility when he fully comply with all relevant NBR eligibility criteria and requirements.

Only a Market Maker satisfying the Minimum Performance Score is eligible for performance-linked privileges. Privileges may be reduced or suspended during suspension, or continuing underperformance.

Article 16: Confidentiality

Each party shall keep non-public information confidential except where disclosure is required by law or competent authority, required for statutory functions, made to professional advisers subject to confidentiality, or otherwise authorized. NBR, MINECOFIN, CMA and RSE may publish aggregate or anonymized market statistics where lawful.

The Market Maker shall comply with applicable data-protection and confidentiality requirements.

Article 17: Representations and undertakings

Each party represents that it has authority to enter into and perform this Agreement.

The Market Maker represents that information supplied for appointment is materially complete and accurate; it holds required licences; no known restriction materially prevents performance; and it has adequate systems, personnel and financial resources.

Material changes affecting these representations shall be notified promptly to NBR.

Article 18: Program parameter changes and review

NBR may propose changes to quoting hours, benchmark securities, quote sizes, spreads, reporting or other operational parameters where necessary to reflect market conditions.

Material changes including the timing of their implementation should, be discussed through the Market Makers Committee before approval.

Amendments to this Agreement shall be in writing and signed by the parties' authorized representatives, except operational parameters expressly permitted to be updated by NBR notice. 18.4 The Program shall be formally reviewed before expiry to determine whether to extend, amend, expand or replace it.

Non-material clarifications may be issued by Operational Notice. A Material Change requires consultation, written reasons, at least (….) Business Days for comments, competent-authority approval, and a written Schedule amendment.

A Market Maker materially adversely affected may terminate on thirty days' notice unless the change is required by mandatory law.

Article 19: Suspension and Reinstatement

NBR may temporarily suspend market-making obligations where market conditions or an exceptional event make normal market making impracticable, the Market Makers are subject to a regulatory restriction, a material systems failure occurs, suspension is necessary for market integrity or financial stability, or NBR approves a temporary suspension request.

NBR shall communicate the basis and expected duration of suspension for all market makers.

Suspension does not terminate their rights and obligations.

Article 20: Default and remedial measures

Material breach includes repeated failure to quote without a Permitted Exception; loss of a required licence; material misrepresentation; serious market-conduct violations; insolvency; persistent reporting failure; or another material breach not remedied after notice.

Except where immediate action is necessary, NBR shall give notice and a reasonable opportunity to remedy. NBR may issue a warning, require a remedial plan, suspend the Market Maker, apply other lawful measures, or terminate under Article 21.

Article 21: Termination

NBR may terminate for material unremedied breach, insolvency, loss of essential licence, legal prohibition, or where required for market integrity, investor protection or financial stability as permitted by law.

The Market Maker may terminate on at least thirty (30) calendar days priorly written notice unless NBR agrees otherwise.

The parties may terminate by mutual written agreement.

Termination does not affect accrued rights and obligations, including settlement of executed transactions.

NBR may appoint another Market Maker following termination or suspension.

<u>Article 22</u>: Liability and indemnity

Each party is responsible for losses directly caused by its fraud, wilful misconduct or material breach, subject to Applicable Law.

NBR is not liable for bona fide market, inventory, interest-rate or liquidity losses incurred by the Market Maker in performing its obligations, except to the extent caused by NBR's fraud, wilful misconduct or breach of law.

The Market Maker acknowledges that market making involves material market and operational risks and NBR does not guarantee profitability. 22.4 Nothing excludes liability that cannot lawfully be excluded.

<u>Article 23</u>: Force majeure

Neither party is responsible for failure caused by events beyond reasonable control, including natural disasters, war, civil disturbance, critical infrastructure failure, cyber incidents or systemic market disruption.

The affected party shall notify the other and mitigate the impact.

Force majeure does not excuse settlement of executed transactions where settlement remains legally and operationally possible.

<u>Article 24</u>: Notices

Formal notices shall be in writing and delivered by hand, courier or official electronic communication to the addresses below or subsequently notified addresses.

For NBR: National Bank of Rwanda, Financial Markets Department, KN 6 AV 4, Kigali Rwanda, P.O Box: 531 Kigali

Email: info@bnr.rw

For Market Maker: [Name………..], [Address………], Email […………].

Notices are deemed received upon delivery or, for electronic communication, upon successful transmission without an error notice.

Article 25: Assignment and subcontracting

The Market Maker shall not assign or transfer rights or obligations without NBR's prior written approval.

Ordinary course technology, market data and support providers may be used, but the Market Maker remains responsible for compliance.

NBR may assign administrative or operational functions to a competent public institution or market infrastructure were permitted by law.

Article 26: Dispute resolution

Parties shall seek good-faith consultation to resolve disputes. Operational disputes should first be considered by the Market Makers Committee where appropriate.

If unresolved within thirty (30) calendar days after formal notification, the dispute shall be escalated to senior representatives of NBR and the Market Maker.

If still unresolved, the dispute shall be referred to arbitration in Rwanda in accordance with applicable arbitration law and rules agreed by the parties, except matters reserved by law for a competent court, regulator or statutory body.

This Article does not restrict statutory supervisory or enforcement powers.

Article 27: Governing law

This Agreement is governed by the laws of the Republic of Rwanda.

Parties shall comply with all mandatory provisions applicable to the Program and transactions under it.

Article 28: Amendments and entire agreement

This Agreement, its Schedules and documents expressly incorporated by reference constitute the agreement on Program participation.

Amendments shall be in writing and signed by authorized representatives. Schedules form an integral part of this Agreement.

If the main body conflicts with a Schedule, the main body prevails unless the Schedule expressly overrides a specified Article.

Article 29: Severability

If any provision is invalid, unlawful or unenforceable, it shall be modified or severed to the minimum extent necessary, and the remaining provisions shall continue to the extent permitted by law.

<u>Article 30</u>: No partnership or agency

Nothing creates a partnership, joint venture, employment or general agency relationship. Neither party may bind the other except as expressly provided.

The Market Maker acts for its own account when principal and for clients when agent, within its licence and transaction terms.

<u>Article 31</u>: Term and pilot review

This Agreement starts on the Effective Date and remains in force for the Pilot Period unless terminated earlier.

At least sixty (60) calendar days before expiry, NBR shall coordinate a review with MINECOFIN, CMA, RSE and Market Makers.

Following review, the Program may be extended, amended, expanded, converted into a permanent framework or discontinued, subject to Applicable Law and required approvals.

SCHEDULE 1 – PILOT PROGRAMME KEY PARAMETERS

Parameter	Initial Parameter	Review / Notes
Pilot Period	[12 months: start …../ end ……]	Formal review before expiry
Designated Benchmark Bonds	3-year, 10-year and 15-year on-the-run Treasury Bonds	NBR may add/remove tenors after consultation
Trading Session	09:00–12:00 to be confirm by RSE	Subject to RSE rules and notices
Minimum Quote Size	RWF [……..]	May differ by tenor
Maximum Spread – Benchmark	[………] bps	Specify yield/price basis
Maximum Spread – Non-Benchmark	[…….] bps	If applicable
Minimum Quote Duration	[……..]	Subject to permitted exceptions
Primary Participation	[……….]	Per issuance programme
Minimum Secondary Activity	[………]	Monthly/quarterly
Minimum Execution Size	RWF ………… [confirm]	Subject to trading rules

SCHEDULE 2 – MARKET MAKER PRIVILEGES / INCENTIVES

Item	Arrangement	Basis
Recognition	Formal recognition as appointed Market Maker	Agreement / Programme notice
Market Information	Relevant NBR notices, issuance information and reports	Subject to confidentiality and law
Primary Participation	Participation in auctions/reopenings	Applicable issuance rules
Liquidity Facilities	Any facility separately made available by NBR	Separate terms; no automatic entitlement
Other Incentives	[…..]	To be specified before execution

SCHEDULE 3 – REPORTING AND PERFORMANCE METRICS

Metric	Frequency	Evidence	Target
Quote availability	Monthly	Trading Platform logs	[…]%
Spread compliance	Monthly	Trading Platform logs	[….]%
Quote-size compliance	Monthly	Trading Platform logs	[…..]%
Secondary turnover	Monthly/Quarterly	RSE/NBR reports	[…..]
Primary participation	Per auction/Monthly/Quarterly	Auction records	[…..]
Execution responsiveness	Monthly	Trading records	[….]%
Reporting timeliness	Monthly	Submission records	100%
Regulatory compliance	Continuous	NBR/CMA/RSE review	No material breach

SCHEDULE 4 – MINIMUM DUE-DILIGENCE DOCUMENTS

- Valid CMA and/or other applicable licence(s) and evidence of good standing.
- Certificate of incorporation and constitutional documents.
- Audited financial statements and current financial information.
- Organizational structure and key dealing, risk, compliance and operations personnel.
- Evidence of market-data and trading-system access.
- Internal market-making, risk-management and business-continuity policies.
- Evidence of settlement and custody arrangements.
- Other information reasonably required by NBR or Applicable Law.

EXECUTION

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

On behalf of NBR

Soraya M. Hakuziyaremye
Governor

…………………………

Date:

On behalf of the Market Maker

……………………………….

…………………….

Date: