



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPUBLIC OF SOUTH AFRICA INTERNAL REGISTERED BOND

R2040 (9.00% COUPON)

REDEEMABLE ON 31 January 2040

Date listed on the JSE	11 September 2015
Date of terms of issue	8 September 2015
Issue price	99.747099
Nominal value	R250 million
ISIN	ZAG000125980
Date from which interest accrued	31 July 2015
Final settlement date	31 January 2040

Issued by the National Treasury
Private Bag X115
PRETORIA
0001

of Section 2 of the Debt Listing Requirements;

"Dematerialised" means uncertificated Securities being any security not evidenced by a certificate or written instrument and transferable by book entry and only exist as accounting records;

"Extraordinary Resolution" a resolution passed at a meeting (duly convened of the Holders of Debt Securities, by a majority consisting of not less than 66.67% of the value of a class of notes or all the Holders of notes% (sixty-six point sixty-seven per cent) of the Holders of Debt Securities present in person or by proxy voting at such meeting upon a show of hands or if a poll be duly demanded, by a majority consisting of not less than 66.67% (sixty-six point sixty-seven per cent) of votes given on such poll;

"Financial Markets Act" means the Financial Markets Act no 19 of 2012

"FSB" means the Financial Services Board;

"Guarantee Fund" means Fund operated by the JSE to guarantee settlement of trades on the JSE's trading platforms

"Initial Issue" means the initial issue of Republic of South Africa Bonds by auction to primary dealers in government bonds;

"Interest Date" means 31 July and 31 January each year that the Bonds are in issue;

"Interest Period" means the full 6 (six) months period commencing from the last coupon payment date and ending on the day before the next coupon payment date. If the issue date is not the same as the interest payment date, then the first interest period shall be a full 6 months period inclusive of the issue date. The last interest payment period shall end on the day before the redemption date.

"ISIN"-means an International Securities Identification Number that uniquely identifies a bond.

"Issue" means the National Treasury's increase, subject to the provisions of the PFMA, of the amount of a loan at any time prior to the Redemption Date by creating and issuing additional bonds;

"Issue Date" means the date of the settlement of the first auction;

"Issue price" means the price at which the primary dealers purchase the bond on the issue date priced in accordance with the JSE/BESA "Bond pricing formula specifications"

"Issuer" means the National Treasury of the Republic of South Africa, established in terms of section 5 of the PFMA;

Section 34 of the Financial Markets Act;

"**Settlement date**"-refers to the third business day after the execution of the trade;

"**Transfer Secretary**" means the National Treasury of the Republic of South Africa or any other person appointed by the Issuer as its Transfer Secretary in respect of the Bonds, provided that no such appointments shall be effective until the Issuer has notified all Bondholders of the name and address of the person appointed;

- 1.2. The headings of the clauses in this agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of this document nor any clause thereof.
- 1.3. Words referring to the singular also include the plural and vice versa, where the context requires.

2. FORM OF THE BONDS

The Bonds shall be represented by uncertificated securities and shall be transferable by registration in the Register.

3. STATUS

The Bonds constitute direct, unconditional and unsecured obligations of the Issuer and will at all times rank *pari passu* amongst themselves and at least *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer for monies borrowed and guarantees given by the Issuer in respect of monies borrowed by others.

4. REDEMPTION

- 4.1. The Issuer shall pay the Bondholders the Principal Amount on the Redemption Date.
- 4.2. Notwithstanding anything contained in these Conditions, no redemption in respect of any Bond shall be made unless, if in the case of a Bond in a certificated form, the Certificate in respect of the Bond has been surrendered to the Issuer.

5. INTEREST

- 5.1. The Bonds shall bear interest at the Coupon on the Principal Amount of the Bond in accordance with these conditions.

- 7.2.5. show the serial numbers of the Certificates and the date of issue thereof;
- 7.2.6. be open for inspection at all reasonable times during business hours on Business Days by any Bondholder or any person authorized in writing by a Bondholder;
- 7.2.7. be closed from each Book Closed Date until the next Interest Date;
- 7.2.8. will only recognize a Bondholder as the owner of the Bonds Registered in that Bondholder's name as set out in the Register; and
- 7.2.9. shall not be bound to enter into the Register, the fact that a Bondholder may be holding Bonds in trust or as agent or mandatory for any third party and the Issuer shall have no responsibility whatsoever to such third party.
- 7.3. The Transfer Secretary shall, upon written notice by a Bondholder, alter the Register in respect of any change of name, address or account number of the Bondholder.
- 7.4. Except as provided for in these Conditions or as required by law, the Issuer:
 - 7.4.1. will only recognize a Bondholder as the owner of the Bonds registered in that Bondholder's name as set out in the Register; and
 - 7.4.2. shall not be bound to enter into the Register, the fact that a Bondholder may be holding Bonds in trust or as agent or mandatory for any third party and the Issuer shall have no responsibility whatsoever to such third party.

8. TRANSFER OF BONDS

- 8.1. It is recorded that interests in Bonds which are lodged in the Central Securities Depository may, in terms of existing law and facilities, be transferred through the Central Securities Depository by way of a book entry in the central securities accounts of the Participants. Such transfers will not be recorded in the Register and the nominee of the Central Securities Depository will continue to be reflected in the Register as the Bondholder notwithstanding such transfers. In order for any transfer of Bonds to be effected through the Register, and for the transfer to be recognized by the Issuer, it is required that each transfer of a Bond must:
 - 8.1.1. be in writing and in the usual form or in such other form approved by the Issuer;
 - 8.1.2. be signed by or on behalf of the relevant Bondholder and the transferee; and

- 14.3. Any modification of these Terms and Conditions which may have a direct effect on compliance with the debt listings requirements of the JSE or such other Financial Exchange, as the case may be, will require the approval of the JSE or such other Financial Exchange, as the case may be.

6. TRADING AND REGISTRATION

Bonds may be traded on JSE or its successor, or any other alternative exchange authorised by the FSB. Transactions on JSE will normally be effected for settlement in terms of their rules thereof from time to time (unless otherwise stipulated).

7. SETTLEMENT, CLEARING AND TRANSFERS

- 7.1 When the Bonds are initially issued, a single Uncertificated security in respect of all the Bonds will be lodged in the Central Securities Depository.
- 7.2 Bonds held in the Central Securities Depository are registered in the name of the nominee of the Central Securities Depository. In terms of the conditions relating to the Bonds, all amounts to be paid and all rights to be exercised in respect of the Bonds held through the Central Securities Depository will be paid to and may be exercised only by the Central Securities Depository's Nominee for the beneficial owners of the Bonds.
- 7.3 The Central Securities Depository holds Bonds subject to the Financial Markets Act, and the Rules of the Central Securities Depository. The Rules of the Central Securities Depository as at the date of this Offering Circular are as published by the Registrar of Financial Markets in *Government Gazette* No. 27758 of 8 July 2005.
- 7.4 The Central Securities Depository maintains accounts only for the participants in the Central Securities Depository. As at the date of this Offering Circular, the participants who are Settlement Agents of STRATE are ABSA Bank Limited, First Rand Bank Limited, NedBank Limited, Citi Bank, The Standard Bank of South Africa Limited and the South African Reserve Bank. The clients of participants, as beneficial owners of the Bonds or as custodians for the beneficial owners, may exercise their rights in respect of the Bonds held by them in the Central Securities Depository only through the above participants.
- 7.5 Transfers of interest in Bonds in the Central Securities Depository to and from clients of Central Securities Depository participants occur by book entry in the securities accounts of the clients with participants (transfers amongst participants of Bonds held in the Central Securities Depository occur through book entry in the participants' central securities accounts with the Central Securities Depository). The standard settlement period on JSE is "T+3". Transactions in Bonds concluded on JSE are settled by the settlement agents by book entry as described above.
- 7.6 The client of the Central Securities Depository participant may at any time require the participant to withdraw any Bonds held for that client in the Central Securities Depository. In that event the transfer is registered in the Register and the Issuer is required to issue uncertificated securities in respect of the withdrawn Bonds to the Transferee in accordance with the Conditions.
- 7.7 Transfer of Bonds that are not held in the Central Securities Depository may be

Depository participants will be restrictively designated.

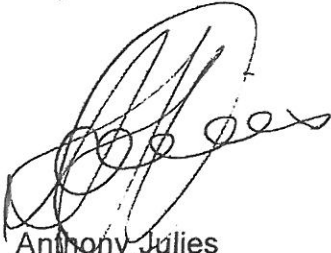
The following dispensation currently applies:

- The distinction between the settling-in allowance for emigrants and the private individual foreign investment allowance for residents is no longer applicable. There is now a common foreign allowance for both residents and emigrants of R10 million per individual.
- Amounts up to R10 million for individuals and R20 million for a family unit (inclusive of amounts already exited) will be eligible for exiting without charge. Holders of blocked assets wishing to exit more than R10 million as individuals or more than R20 million as a family unit (inclusive of amounts already exited), must apply to the Financial Surveillance Department of the South African Reserve Bank to do so.
- New emigrants wishing to exit more than R10 million as individuals and R20 million as a family unit (inclusive of amounts already exited) can similarly apply to the Financial Surveillance Department of the South African Reserve Bank to do so.

9.3 Further details on all exchange controls can be found on the South African Reserve Bank website, www.resbank.co.za

9.4 For the purposes of this clause, the Common Monetary Area includes the Republic of South Africa, Lesotho, Namibia and Swaziland.

Signed in PRETORIA on behalf of the Issuer on (date) 2 SEPTEMBER 2015



Anthony Julies
**Deputy Director-General: Asset
And Liability Management**



Lungisa Fuzile
Director-General: National Treasury

effected only in terms of the conditions relating to the Bonds.

8. TRANSFER SECRETARY

The name and address of the Transfer Secretary is as follows:

National Treasury or
Private Bag x 115
Pretoria
0001

National Treasury
240 Madiba Street
Pretoria
0002

9. NON-SOUTH AFRICAN RESIDENT BONDHOLDERS AND EMIGRANTS FROM THE COMMON MONETARY AREA

9.1 The following guidelines are not a comprehensive statement of the South African Exchange Control Regulations ("the Regulations") and reflect only the Issuer's understanding of the Regulations. Bondholders, who have any doubt as to the action they should take, should consult their South African Authorised Dealers in foreign exchange and/or professional advisers.

9.2 The Regulations affecting non-residents of the Common Monetary Area are as follows:

9.2.1 All Non-Residents of the Common Monetary Area

Any uncertificated security issued to Bondholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the case where non-residents hold bonds through the Central Securities Depository, the securities accounts maintained for such non-residents by participants will be designated "non-resident".

It will be incumbent on any such non-resident to instruct the non-resident's nominated Participant, who is an Authorised Dealer in foreign exchange, as to how any funds due to such non-resident in respect of Bonds are to be dealt with. Such funds may, in terms of the Regulations, be remitted abroad only if the relevant Bonds are acquired with foreign currency introduced into South Africa and provided that the relevant uncertificated securities account, as the case may be, is designated "non-resident".

9.2.2 Emigrants from the Common Monetary Area

In the case where uncertificated securities are issued to emigrant Bondholders, the uncertificated security will be deposited with the Authorised Dealer in foreign exchange controlling such emigrants' blocked assets. Where emigrants hold Bonds through the Central Securities Depository, the securities accounts maintained for emigrants by Central Securities

GENERAL

1. MANDATE

- 1.1 In the budget speech delivered by the Minister on 25 February 2015, it was announced that the National Treasury will issue four new fixed-rate bonds and one inflation-linked bond.
- 1.2 The Minister is authorized in terms of section 66(2) (a) of the PFMA to commit the National Revenue Fund to future financial commitments by borrowing money, or enter into any other transaction.

2. PURPOSE OF THE ISSUE

The purpose of the issue is to raise funds to be used for the general purposes of the Government of the Republic of South Africa.

3. LISTING

The Bonds will be listed on JSE under Bond Code R2040.

4. METHOD OF ISSUE

- 4.1 The Bonds will be made available to the market by means of auctions in the manner determined by the Issuer;
- 4.2 In the unlikely event of any circumstances that might, in the discretion of the Issuer, be considered to adversely impact on the fairness of a particular auction, the Issuer retains the sole right in the allotment of auctioned bonds to individual bidders.
- 4.3 Issuing to the SARB for monetary purposes.

5. INITIAL PRICING

- 5.1 Upon initial issue, given the yield, the consideration for the Bonds shall be determined in accordance with the JSE/ BESA bond pricing formula.
- 5.2 The JSE/BESA bond pricing formula is defined in the "Bond Pricing Formula Specifications" dated 24 August 2005, with the following Internet location <http://www.jse.co.za/Markets/Interest-Rate-Market/Spot-Bonds-overview/Bond-pricing-documents.aspx>

8.2. No transfer will be registered whilst the Register is closed.

9. TITLE TO BONDS

The Issuer shall be entitled to assume for all purposes that the person reflected in the Register as the holder of any Bonds is the true owner of those Bonds.

10. REPURCHASE OF BONDS

The Issuer shall have the right to purchase any of the Bonds at any time.

11. LISTING

The Issuer will apply to have the Bonds listed on JSE.

12. GOVERNING LAW

The laws of the Republic of South Africa govern the Bonds and all rights and obligations relating thereto.

13. STRIPPABILITY

These Bonds will be considered as strippable.

14. AMENDMENTS OF TERMS AND CONDITIONS

14.1. No modification of these Terms and Conditions may be effected without the written agreement of the Issuer. The Issuer may effect, without the consent of the relevant Class of Noteholders, any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the Republic of South Africa provided that the JSE or such other Financial Exchange, as the case may be, shall be notified. Any such modification shall be binding on the relevant Class of Noteholders.

14.2. The Issuer may with the prior sanction of an Extraordinary Resolution of Noteholders or with the prior written consent of Noteholders holding not less than 66.67% (sixty-six point sixty-seven percent) in Nominal Amount of the Notes Outstanding from time to time, amend these Terms and Conditions (outside the regulatory (law) changes).

- 5.2. A Coupon of 9% per annum will be paid semi-annually in arrears on 31 July and 31 January of each calendar year, up to and including the redemption on 31 January 2040. The first coupon payment will be made on 31 January 2016.
- 5.3. The Registers will be closed from 21 July to 31 July and 21 January to 31 January (all dates inclusive) or such shorter period preceding the Interest Date as determined by the Issuer and published by notice in the Government Gazette.
- 5.4. Interest in terms of this clause shall cease to accrue on Bonds as from the Redemption Date.

6. PAYMENT

- 6.1. All amounts payable by the Issuer in accordance with these Conditions shall be paid free of set-off or deduction in the Republic of South Africa and in the currency of the Republic of South Africa.
- 6.2. All amounts payable on, or in respect of, each Bond shall, unless otherwise agreed between a Bondholder and the Transfer Secretary, be paid by electronic funds transferred to the account of the relevant Bondholder as set forth in the Register or in the case of joint Registered Bondholders of a Bond, the account of the Registered Bondholder who is first named in the Register in respect of that Bond.
- 6.3. If any day for payment of the Principal amount or interest in respect of any Bond is not the Business Day (Sunday or Public Holiday), the Bondholder shall not be entitled to payment until the next Business Day following such day or to any interest or other sums in respect of postponed payment.
- 6.4. All payments will be subject to all fiscal or other laws and regulations applicable thereto in the place of payment.

7. REGISTER OF BONDHOLDERS

- 7.1. The Issuer shall procure that the Transfer Secretary shall keep Register holders in accordance with this clause.
- 7.2. The Register of Bondholders shall:
- 7.2.1. be kept at the office of the Transfer Secretary;
 - 7.2.2. contain the names, addresses and bank account numbers of the Bondholders;
 - 7.2.3. show the total Principal Amount of the Bonds represented by it;
 - 7.2.4. show dates upon which each of the Bondholders were Registered as such;

"JSE" means the Johannesburg Stock Exchange Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a successor exchange to the JSE;

"Minister" means the Minister of Finance;

"National Treasury" means the National Treasury established in terms of Section 5 of the PFMA;

"Nominal amount" means, in relation to any bonds, the amount owing by the Issuer under such bonds;

"Offering Circular" means a document containing the provisions, required by the Debt Listings Requirements, for a single issue of Debt Securities;

"PFMA" means the Public Finance Management Act, 1999 (Act No. 1 of 1999);

"Placing Document" means an Offering Circular, a Programme Memorandum or any other placing documents, as the case may be, which contains the provisions required by the Debt Listings Requirements for an issue of Debt Securities;

"Pricing Supplement" means a supplement to a Programme Memorandum setting out additional and/or other terms and conditions as are applicable to a specific tranche of Debt Securities, for with application is made;

"Principal Amount" means nominal amount of a bond;

"Programme Memorandum" means a document containing the provisions required by Debt Listing Requirements in respect of Debt Securities which may be issued by an Applicant;

"Redemption Date" means 31 January 2040, if such date is not a Business Day, the next Business Day, following such date;

"Register" means the register of Bondholders to be kept by the Issuer;

"Registered" means to have been entered into the Register;

"Republic of South Africa Internal Registered Bonds" means Republic of South Africa Internal Registered Bond R2040 classified as a bond under the definition of "securities" in the Financial Markets Act; as well as specified in the Financial Regulations 13.1(1) – (5) made under section 66 of the PFMA;

"SARB" means the South African Reserve Bank Limited

"Settlement Agent" means a Settlement Agent as envisaged in the rules of JSE, who must also be a Participant of the Central Securities Depository, as defined in

**REPUBLIC OF SOUTH AFRICA
GOVERNMENT ISSUE
LOAN NO: R2040**

Date listed on the JSE: 11 September 2015

Date of Terms of Issue: 8 September 2015

TERMS AND CONDITIONS OF ISSUE

The Republic of South Africa hereby issues Bonds as hereinafter defined in the terms and conditions set forth herein.

1. DEFINITIONS AND INTERPRETATION

- 1.1. In these Terms and Conditions, unless inconsistent with the context, the following expressions shall have the following meanings:

"Additional Amount" means any additional amount to be paid by the Issuer to the Bondholder, as contemplated in clause 5.1

"Bondholder" means a person whose name is entered into the Register as the holder of any Bonds;

"Bonds" means the bonds issued pursuant to these Conditions;

"Books Closed Date" means, in relation to an Interest Date, 10 days preceding the Interest Dates (21 July and 21 January) or such shorter period preceding the Interest Date as determined by the Issuer;

"Business Day" means Monday through to Friday (other than a Saturday, Sunday or official public holiday in the Republic of South Africa) on which the banks are generally open for business in the Republic of South Africa;

"Central Securities Depository" means STRATE Limited (or its nominees), a public company incorporated in the Republic of South Africa, with registration number 1998/022242/06, licensed as a central securities depository in accordance with section 32 of the Financial Markets Act);

"Conditions" means the terms and conditions set out herein;

"Coupon" means 9%;

"Debt Sponsor" means the Deputy Director-General of the Asset and Liability Management division in the National Treasury, supported by executives from different directorates within the National Treasury, as approved by the JSE in terms