



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPUBLIC OF SOUTH AFRICA INTERNAL REGISTERED BOND

R214 (6.50% COUPON)

REDEEMABLE ON 28 February 2041

**Issued by the National Treasury
Private Bag X115
PRETORIA
0001**

REPUBLIC OF SOUTH AFRICA
GOVERNMENT ISSUE
LOAN NO: R214

Date listed on the JSE: 17 May 2010

*

4 June 2010

Date of Terms of Issue: _____

TERMS AND CONDITIONS OF ISSUE

The Republic of South Africa intends to issue 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:

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

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

"Books Closed Date" means, in relation to an Interest Date, 10 days preceding the Interest Dates (31 August and 28 February) or such shorter period preceding the Interest Date as determined by the Issuer;

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

"Business Day" means Monday through to Friday (other than a Saturday, Sunday or official public holiday in the Republic of South Africa) on which 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 Securities Services Act;

"Certificate" means a certificate issued in respect of any Bonds by the Issuer pursuant to clause 8 below;

"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 Section 34 of the Securities Services Act;

"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 Certificates and shall be transferable by registration in the Register. However, nothing in these Conditions precludes any Bonds from being held in a Dematerialised form.

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.
- 5.2 A Coupon of 6.50% per annum will be paid semi-annually in arrears on 31 August and 28 February of each calendar year, up to and including the redemption on 28 February 2041. The first payment will be made on 31 August 2010.

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

"Coupon" means 6.50%;

"Dematerialised" means an uncertificated security being security which is not evidenced by a certificate or written instrument and transferable by entry without a written instrument;

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

"Interest Date" means 31 August and 28 February each year that the Bonds are in issue;

"Interest Period" means the 6 (six) month period commencing on and including one Interest Date and ending on, the day preceding the next Interest Date, provided that the first Interest Period shall be from and include the Issue Date to, the day preceding the first Interest Date thereafter, and the last Interest Period shall end on the day preceding the Redemption Date;

"Issue" means the National Treasury's increase, subject to the provisions of the Public Finance Management Act, 1999 (Act No.1 of 1999) (hereinafter referred to as "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;

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

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

"Redemption Date" means 28 February 2041, if such date is not a Business Day, the next Business Day, following such date;

"The 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 R214 classified as a bond under the definition of "securities" in the Securities Services Act; as well as specified in the Financial Regulations 13.1(1) – (5) made under section 66 of the PFMA;

5.3 The Registers will be closed from 21 August to 31 August and 18 February to 28 February (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 5 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, 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. STAMP DUTY

In terms of current legislation, as at the date of these terms of issue, South African Government bonds are transferable free of stamp duty and registration charges. Any further statutory charges will be for the cost of Bondholders as recorded in the Register at such time.

8. CERTIFICATES

It is recorded that when the Bonds are initially issued, the Bonds shall be Dematerialised in the Central Securities Depository. This will entail that the nominee of the Central Securities Depository will be reflected in the Register as the Bondholder. Holders to whom Bonds are allotted, or who subsequently purchase Bonds thereby become entitled to an interest in Bonds held in the Central Securities Depository.

8.2. A holder of an interest in Bonds in the Central Securities Depository who wishes to receive a certificate and be reflected in the Register as a Bondholder may do so on request in writing to its Central Securities

Depository Participant request that they be reflected as the Bondholder in Bonds in the Central Securities Depository. In the case of joint Bondholders, such joint Bondholders will be entitled to receive only 1 (one) Certificate in respect of that joint holding and delivery to one of those joint Bondholders shall be deemed delivery to all of them.

- 8.3. If a Certificate is worn out or defaced then upon its presentation to the Issuer; the Issuer may cancel that Certificate and issue a new Certificate in its place, provided that, the person in possession of the worn out or defaced Certificate provides sufficient proof of ownership and/or the rights in the Certificate by some other means other than the worn out or defaced Certificate and additionally provides an indemnity (to the satisfaction of the Issuer) and pays the out-of pocket expenses of the Issuer and Transfer Secretary in respect thereof.
- 8.4. If a Certificate is lost or destroyed then upon proof thereof to the satisfaction of the Transfer Secretary, a new Certificate in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, provided, that such person claiming an entitlement to the lost or destroyed Certificate, provides sufficient proof of ownership and/or the rights in the Certificate by some other means and additionally provides an indemnity (to the satisfaction of the Issuer) and pays any out-of pocket expenses of the Issuer and Transfer Secretary for investigating the loss.
- 8.5. An entry as to the issue of a new Certificate shall be made in the Register.
- 8.6. A person who acquires a Dematerialised Bond in terms of clause 2 above, may at a later stage in compliance with this clause 8 obtain a Certificate for such Uncertificated Security provided that such person provides an indemnity (to the satisfaction of the Issuer) and pays the out-of pocket expenses of the Issuer and Transfer Secretary in respect thereof.

9. REGISTER OF BONDHOLDERS

- 9.1 The Issuer shall procure that the Transfer Secretary shall keep a Register of Bondholders in accordance with this clause 9.
- 9.2 The Register of Bondholders shall:
 - 9.2.1 be kept at the office of the Transfer Secretary (at National Treasury);
 - 9.2.2 contain the names, addresses and bank account numbers of the Bondholders;
 - 9.2.3 show the total Principal Amount of the Bonds represented by it;
 - 9.2.4 show dates upon which each of the Bondholders were Registered as such;

- 9.2.5 show the serial numbers of the Certificates and the date of issue thereof;
 - 9.2.6 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;
 - 9.2.7. be closed from each Books Closed Date until the next Interest Date;
 - 9.2.8. will only recognize a Bondholder as the owner of the Bonds Registered in that Bondholder's name as set out in the Register; and
 - 9.2.9. 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.
- 9.3 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.
- 9.4 Except as provided for in these Conditions or as required by law, the Issuer:
- will only recognize a Bondholder as the owner of the Bonds registered in that Bondholder's name as set out in the Register; and
 - 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.

10. TRANSFER OF BONDS

- 10.1 It is recorded that interest 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:

10.1.1 be in writing and in the usual form or in such other form approved by the Issuer;

10.1.2 be signed by or on behalf of the relevant Bondholder and the

transferee; and

10.1.3 be delivered to the Transfer Secretary together with the Certificate in question for cancellation (if only part of the Bonds represented by a Certificate is transferred, a new Certificate for the balance will be issued to the transferor and the cancelled Certificate will be retained by the Transfer Secretary).

10.2 The Transferor of any Bonds represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered as the holder thereof.

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

10.4 If a transfer is registered, then the transfer form and cancelled Certificate will be retained by the Transfer Secretary.

11. 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.

12. REPURCHASE OF BONDS

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

13. LISTING

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

14. GOVERNING LAW

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

15. STRIPPABILITY

These Bonds will be considered as strippable.

S

GENERAL

1. AUTHORISATION

The authorization to issue was given by the Minister of Finance on 17 February 2010 in terms of Section 66 (2) (a) of the PFMA. In terms of Section 73 of the PFMA the repayment of the Principal Amount and the Interest thereon shall be a direct charge against the National Revenue Fund.

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 R214.

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.

5 INITIAL PRICING

Upon initial sale, given the yield, the consideration for the Bonds shall be determined in accordance with the JSE bond pricing formula.

6. TRADING AND REGISTRATION

Bonds may be traded on JSE or its successor, or any other alternative exchange authorised by the Issuer. 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 Certificate or 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 Securities Services 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 Securities Services 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 also Settlement Agents of JSE, are ABSA Bank Limited, First Rand Bank Limited, Nedcor Bank Limited, 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 participants. Euroclear and Cedelbank may hold Bonds through their Participant.
- 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 Certificates 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 effected only in terms of the conditions relating to the Bonds.

8. TRANSFER SECRETARY

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

National Treasury
Private Bag x 115
Pretoria
0001

or

National Treasury
240 Vermeulen Street
Pretoria
0002

6

9. PUBLIC FINANCE MANAGEMENT ACT, 1999 ("PFMA")

9.1 In terms of Section 75 of the PFMA, the Issuer shall not be responsible for the fulfillment of any obligation resulting from any lien, whether expressed, implied or construed, which is held over a Certificate, notwithstanding whether the Issuer was notified of such lien or not.

9.2 The conditions relating to the Bonds should be read in conjunction with the Treasury Regulations 13.1.1 to 13.1.5 under section 66(2) (a) of the PFMA.

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

10.1 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.

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

10.2.1 All Non-Residents of the Common Monetary Area

Any Certificates 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 Authorized 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 Certificates or securities account, as the case may be, is designated "non-resident".

10.2.2 Emigrants from the Common Monetary Area

In the case where Certificates are issued to emigrant Bondholders, the Certificates 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 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 R4 million per individual.
- Amounts up to R4 million for individuals and R8 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 R4 million as individuals or more than R8 million as a family unit (inclusive of amounts already exited), must apply to the Exchange Control Department of the South African Reserve Bank to do so. Approval will be subject to an exiting schedule and an exit charge of 10 per cent of the amount.
- New emigrants wishing to exit more than R4 million as individuals and R8 million as a family unit (inclusive of amounts already exited) can similarly apply to the Exchange Control Department of South African Reserve Bank to do so, with approval subject to an exiting schedule and an exit charge of 10 per cent of the amount.

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

10.3 For the purposes of clause 10, the Common Monetary Area includes the Republic of South Africa, Lesotho, Namibia and Swaziland.

Signed at PRETORIA on behalf of the Issuer on. 10 May 2010



Lungisa Fuzile

Head: Asset and Liability Management



Lesetja Kganyago

Director-General: National Treasury