



Ministry of Finance

Debt and Financial Assets
Management Department

Performance Evaluation of Primary Dealers in Czech Government Securities

September 2014



31 October 2014

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Introduction

The Ministry of Finance (hereinafter the Ministry) hereby presents its regular Performance Evaluation of Primary Dealers in Czech Government Securities (hereinafter the Performance Evaluation). The Primary Dealers in Czech Government Securities (hereinafter the Primary Dealers) are evaluated based on the valid Primary Dealer Agreement for Czech Government Securities (hereinafter the Agreement) between the Ministry and each Primary Dealer.

In Q4 2013, the number of the Primary Dealers

decreased to 12, as The Royal Bank of Scotland plc terminated its activities as a Primary Dealer as from 1 November 2013. As from 1 January 2014, Morgan Stanley & Co International PLC is the new Primary Dealer.

In accordance with the Amendment Agreement signed on 30 June 2012, first seven Primary Dealers are published instead of the first five. Other Primary Dealers receive a notification with the outcome of their performance evaluation.

Evaluation for Q4 2013 - Q3 2014

In order to attain an overall and objective evaluation of Primary Dealers' activities, the performance evaluation is based on three criteria: criterion for the evaluation of Primary Dealers' activities on the primary market (Criterion A), criterion for the

evaluation of Primary Dealers' activities on the secondary market (Criterion B), and criterion for the evaluation of the effectiveness of derivative operations, sovereign advisory, marketing and credibility of a Primary Dealer (Criterion C).

Criteria for evaluation of Primary Dealers valid as of 1 January 2014

A. Primary market	45.0	B. Secondary market	40.0	C. Qualitative criterion	15.0
A.1. Primary auction share - Government bonds	25.0	B.1. Quoting obligations performance on DETS	9.0	C.1. Derivative pricing	8.0
A.2. Dependability	5.0	B.2. Qualitative performance on DETS	9.0	C.2. Marketing, sovereign advisory & credibility	7.0
A.3. Auction pricing strategy	5.0	B.3. Traded volume on DETS	9.0		
A.4. Auction participation	2.5	B.4. Ministry of Finance Market Transactions	9.0		
A.5. Primary auctions share - Treasury bills	7.5	B.5. Tap sales, buy-backs and exchanges pricing strategy	4.0		

Source: Ministry of Finance

The performance evaluation of each Primary Dealer can reach a maximum of 100 points, and this score is calculated on a relative basis. Primary Dealers' activities are evaluated on quarterly basis based on the APEI (Aggregate Performance Evaluation Index

defined in Annex I of the valid Agreement) always for four consecutive evaluated periods. According to Article I of the Agreement, each calendar quarter is an evaluated period.

Overall evaluation for Q4 2013 – Q3 2014

Ranking	Primary Dealer	Points*
1 st	Citibank Europe plc	81.9
2 nd	KBC Bank NV / Československá obchodní banka, a.s.	64.1
3 rd	Erste Group Bank AG / Česká spořitelna, a.s.	56.6
4 th	PPF banka a.s.	53.7
5 th	Société Générale / Komerční banka, a.s.	47.8
6 th	UniCredit Bank Czech Republic and Slovakia, a.s.	33.4
7 th	J.P.Morgan Securities Ltd.	33.4

* max 100 points
Source: Ministry of Finance

Primary market for Q4 2013 – Q3 2014

Ranking	Primary Dealer	Points*
1 st	Citibank Europe plc	36.2
2 nd	Erste Group Bank AG / Česká spořitelna, a.s.	24.7
3 rd	KBC Bank NV / Československá obchodní banka, a.s.	22.9
4 th	PPF banka a.s.	21.9
5 th	Société Générale / Komerční banka, a.s.	19.2
6 th	UniCredit Bank Czech Republic and Slovakia, a.s.	12.0
7 th	J.P.Morgan Securities Ltd.	10.2

* max 45 points
Source: Ministry of Finance

Secondary market for Q4 2013 – Q3 2014

Ranking	Primary Dealer	Points*
1 st	Citibank Europe plc	32.3
2 nd	KBC Bank NV / Československá obchodní banka, a.s.	28.8
3 rd	PPF banka a.s.	22.5
4 th	Société Générale / Komerční banka, a.s.	18.3
5 th	Erste Group Bank AG / Česká spořitelna, a.s.	17.8
6 th	J.P.Morgan Securities Ltd.	13.2
7 th	Deutsche Bank AG	13.1

* max 40 points
Source: Ministry of Finance

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This publication is available on the internet at:

www.mfcr.cz/statedebt

The next Performance Evaluation of Primary Dealers in Czech Government Securities
will be published on 30 January 2015 at 14:00.

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