

MASTER REPURCHASE AGREEMENT

THIS MASTER REPURCHASE AGREEMENT is made this 200.... between of P. O Box of the first part; and of P. O Box of the other part.

WHEREAS the Parties hereto may from time to time desire to enter into transactions in which one party (“Seller”) would agree as beneficial owner to sell and transfer to the other Party (“Buyer”) securities against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer as beneficial owner to sell and transfer, in the capacity of a Seller, to the other party, Securities equivalent to such Securities at a date certain or on demand against the payment of funds representing the purchase consideration by the other party to Buyer, in the capacity of a Seller, (hereinafter referred to as “the Repurchase Agreement”);

AND WHEREAS the Parties have agreed to maintain their securities in the Central Depository System;

AND WHEREAS the Parties wish to agree upon the terms, conditions and manner upon which the Repurchase Transactions shall be carried out;

NOW THEREFORE, it is hereby agreed as follows:

1.0. INTERPRETATION

For the purposes of this Agreement, unless otherwise stated-

"Act of Insolvency" with respect to any party hereto means and includes:

- (i) Commencement of a reorganization, liquidation, arrangement or composition with creditors; or
- (ii) Declaration in writing of a party's inability to pay its debts as they fall due; or
- (iii) Commencement of application, consenting to or acquiescing in the appointment of a trustee, administrator, receiver, manager or liquidator over the whole or any part of a party's assets, rights or revenues; or
- (iv) liquidation, administration, statutory management, reorganization, receivership or any other analogous insolvency proceeding;
- (v) The convening of any meeting of its creditors for the purposes of

considering a voluntary arrangement;

“Agreement” means this Agreement, its Annexes and amendments;

"the Bank" means the Bank of Tanzania

"Business Day" means in relation to delivery of securities and settlement of any Transaction which is to be settled through the Bank, a day on which and within the normal working time during which the Bank of Tanzania is open for business;

“Cash Margin” a cash sum paid to buyer or seller in accordance with paragraph 3.

“Central Depository System” means the central depository of Government securities established and operated by the Bank;

“Dealing Service”, in relation to the Central Depository System, shall include-

- (a) Transfer of purchased securities and settlement of transactions;
- (b) registration of dealings in securities;
- (c) safe custody of securities;

“Default Notice" means a written notice served by the non-Defaulting Party on the Defaulting Party under sub-clause 7.0 stating that an event shall be treated as an Event of Default for the purposes of this Agreement;

"Margin Amount" means the amount obtained by application of a percentage agreed to by Buyer and Seller prior to entering into the Transaction to the Repurchase Price for such Transaction as of such date;

"Equivalent Securities", with respect to a Transaction, means Securities equivalent to Purchased Securities under that Transaction and, in addition, if to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the process of the redemption;

For the purpose of this agreement, Securities are equivalent to other Securities if they are:

- (i) of the same issuer,

(ii) part of the same issue; and

(iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities.

"Event of Default" has the meaning specified in sub-clause 7.1 hereof;

"Income", with respect to any Security at any time, means all interest, dividends or all other distributions thereon or in respect thereof;

"Income Payment Date", with respect to any Securities, means the date on which Income is paid in respect of such Securities, or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;

"Market Value", with respect to any Securities as of any date when the Bank determines that there is an established market for such securities, means the price for such Securities at such time on such date obtained from a generally recognised source agreed to by the parties or the most recent closing bid quotation from such a source plus accrued income thereon as of such date;

"Price Differential" with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction on a 364 day basis for the actual number of days during the period commencing on the Purchase Date for such Transaction and ending on (but excluding) the date of calculation;

"Pricing Rate", with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction prior to or on the Purchase Date;

"Party" means the seller or buyer and "Parties" shall be construed accordingly;

"Purchase Date" means the date on which Purchased Securities are to be transferred by Seller to Buyer in relation to that Transaction,

"Purchase Price" means the price at which Purchased Securities are transferred by Seller to Buyer;

"Purchased Securities" means the Securities transferred by Seller to Buyer under a Transaction, and any additional Purchased Securities transferred by Seller to Buyer excluding those returned under clause 4 of this Agreement;

"Repurchase Date" means the date on which the Seller buys back purchased Securities from Buyer pursuant to this Agreement;

"Repurchase Price", means the sum of the purchase price and the price Differential as of repurchase date;

"Securities" means treasury bills, bonds or stocks issued in accordance with the Government Loans, Guarantees and Grants Act, 1974;

"Term", means the interval of time commencing with the Purchase Date and ending with the Repurchase Date,

"Termination", refers to the requirement with respect to such Transaction for Buyer to sell Equivalent Securities against payment by Seller of the Repurchase Price in accordance with clause 3 (d), and references to a Transaction having a "fixed term" or being "on demand" shall be construed accordingly.

"Transaction Exposure" with respect to any transaction at any time during the Period from the Purchase Date to the Repurchase Date (or if later, the date on which equivalent securities are delivered to seller or the transaction is terminated under the paragraph 7.2(f) or 7.2(g), the difference between (i) the Repurchase Price at such time multiplied by the applicable Margin Ratio (or where the transaction relates to securities of more than one description to which different margin ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable margin ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the

Purchase Price was apportioned among the purchased securities) and (ii) the market value of equivalent securities at such time. If (i) is greater than (ii), Buyer has a Transaction Exposure for that transaction equal to that excess. If (ii) is greater than (i), Seller has a Transaction Exposure for that transaction equal to that excess.

"Transfer of securities", means change of title, ownership and all rights and interests therein

2.0. INITIATION, CONFIRMATION AND TERMINATION

- (a) A Transaction may be entered into orally or in writing at the initiation of either Buyer or Seller. Subject to paragraph (b) of this clause, transactions once orally agreed by the parties shall bind both parties.
- (b) Either the Buyer or Seller, as the case may be, shall promptly deliver to the other party written confirmation (the "Confirmation") of each Transaction concluded. The Confirmation shall describe the Purchased Securities, identify Buyer and Seller and set forth such other details as provided under **Annex I**
- (c) The Confirmation referred to in paragraph (b) together with this Agreement shall constitute conclusive evidence of the terms agreed between the parties for that Transaction, unless objection is raised with respect to the Confirmation before close of business day on the Business Day on which the Confirmation is received.
- (d) On the Purchase Date, Seller as beneficial owner shall transfer the Purchased Securities to Buyer against the transfer of funds representing the purchase Price by Buyer.
- (e) Termination of a Transaction shall be effected as hereunder:
 - (i) in the case of on demand Transactions, on the date specified for Termination in a demand notice, such demand notice to be made by Buyer or Seller (as the case may be), by telephone, electronic communication or otherwise, and becoming effective not less than two business days following receipt thereof. In the event of notice by telephone the party giving the notice shall forthwith issue a written notice confirming the Termination;
 - (ii) in the case of fixed terms Transactions, on the date specified for

Termination in the relevant Confirmation (Annex I)

- (f) On the Repurchase Date, Buyer shall transfer to Seller Equivalent Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to clause 5.0).

3.0. MARGIN MAINTENANCE

- (a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a party is a Buyer is less than the aggregate Buyer's Margin Amount for all such Transaction (a "Margin Deficit"), then Buyer may by written notice request Seller in respect of such Transactions at the Seller's option, either to pay to the Buyer cash or transfer additional Securities equivalent to the Purchased Securities (hereinafter referred to as the "Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities (including any such Additional Purchased Securities) will thereupon be equal to or exceed such aggregate Buyer's Margin Amount.
- (b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party is a Seller (Seller having sold the Purchased Securities) exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), the Seller may by notice to the Buyer require the Buyer in such Transactions, at the Buyer's option, to pay cash or transfer Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount.
- (c) Notwithstanding the provisions of paragraphs (a) and (b), in any transaction the Buyer may determine the Margin Amount upfront.
- (d) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller (or both) under sub-clause 3 (a) and (b) of this Agreement may be exercised only where a Margin Deficit or Margin Excess exceeds a specified amount or specified percentage of the Repurchase Prices for such Transactions.
- (e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the

respective rights of the Buyer and the Seller under paragraphs 3 (a) and (b) of this Agreement to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess (calculated without regard to any other Transaction outstanding under this Agreement) exists with respect to any single Transaction hereunder.

4.0. INCOME PAYMENTS

Where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction, Buyer shall, on the date such Income is payable, expressly authorize the Bank to:

- (i) transfer to or credit to the account of Seller an amount equal to such income payment with respect to Purchased Securities transferred by Seller under that Transaction or
- (ii) apply the Income Payment to reduce the amount to be paid to Buyer by the Seller upon termination of the Transaction.

5.0. CUSTODY, PAYMENT AND TRANSFER

(a) All Securities to be transferred hereunder shall be:

- (i) in a form acceptable for sale and transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the Bank may prescribe; or
- (ii) transferred through the book entry system of the Central Depository System; or
- (iii) transferred through any other securities clearance system acceptable to the Bank.

(b) All money payable by one Party to the other in respect of any Transaction shall be paid in full on the due date for payment in immediately available and accessible funds, and shall be paid free of, and without any withholding or deduction for or on account of, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any competent taxing authority in Tanzania unless the

withholding or deduction for or on account of such taxes or duties is required by law. In that event, the paying Party shall pay such additional amounts as will result in the net amounts receivable by the other party being equal to the sums which the other Party would have received had no such deductions or withholdings been required to be made.

- (c) Under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Seller and payment of Repurchase Price payable by Buyer against the transfer of such Equivalent Securities shall be made simultaneously.
- (d) Subject to and without prejudice to the provisions of paragraph (c) hereof, either party may, from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money, waive, in relation to any transaction, its rights under this Agreement to receive simultaneous transfer and/or payment provided that the transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided further that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.
- (e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all rights, titles and interests in any Purchased Securities, any Equivalent Securities, any Additional Securities and cash paid, shall pass to the Party to which a sale and transfer and/or payment is being made upon transfer and payment of the same in accordance with this Agreement, free from all liens, claims, charges and encumbrances.

Provided that no such transfer of rights, title and interest in any purchased securities shall be dealt with or effected other than through the Central Depository System as shall be operated and administered by the Bank in which case the provisions of **Annex II** shall take full effect.

- (f) Notwithstanding the use of expressions such as "Repurchase Date", "Repurchase Price", "Margin", which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass

to the transferee upon transfer or payment the obligation of the party receiving Purchased Securities being an obligation to transfer Equivalent Securities or Additional Securities.

- (g) Time shall be of the essence in this Agreement.
- (h) All payments to be made by a Party under this Agreement to the other Party shall be made free and clear of any set-off or counterclaim.
- (i) For every Transaction executed, Seller shall be deemed to transfer ownership of the securities subject of the transaction to the Buyer free from any encumbrances together with all rights, title and interest therein.

6.0. REPRESENTATIONS

Each party represents and warrants to the other that -

- (i) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder, and has taken all necessary action to authorise such execution, delivery and performance;
- (ii) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction and the performance thereof will be, duly authorised to do so on its behalf;
- (iii) it has obtained all the necessary authorisations required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;
- (iv) no reliance is placed on any advice of the other party, other than the representations expressly set out in this Agreement and that decisions relating to any Transaction shall solely be based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;
- (v) at the time of sale and transfer to the other Party of any Securities it will have the full and unqualified right to make such sale and transfer and that upon such transfer of Securities the other Party will receive all right, title and interest in and to those Securities free of any lien, claim, charge or encumbrance; and no claim or proceeding remain pending which may

have a materially adverse effect in that regard; and

- (vi) this Agreement, when duly executed and delivered, together with all relevant annexures and correspondences in that respect shall constitute a legally valid and binding obligation of each Party enforceable against each Party subject to applicable law in accordance with the terms set forth herein.

7.0 **EVENTS OF, AND REMEDIES FOR DEFAULT**

7.1 **Events of Default**

- (a) If any of the following events (each an “Event of Default”) occurs in relation to either party (the “Defaulting Party”, the other party being the “non-Defaulting Party’) whether acting as a Seller or Buyer-
 - (i) Buyer fails to pay the Purchase Price on the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date, and the non-Defaulting Party serves a Default Notice on the defaulting Party; or
 - (ii) If the parties have specified in Annex I hereto that this sub-clause shall apply, Seller fails to deliver Purchased Securities on the Purchase Date or Buyer fails to deliver Equivalent Securities on the Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iii) Seller or Buyer fails to pay when due any sum payable under sub-clause (f) or (g) below, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iv) Seller or Buyer fails to comply with clause 3 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (v) Seller or Buyer fails to comply with clause 4 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (vi) any representation made by a Seller or Buyer are incorrect or untrue in any material respect when made or repeated or deemed to have been

made or repeated, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or

- (vii) Seller or Buyer admits to the other it is unable to, or intends not to, perform any of its obligations hereunder and/or in respect of any Transaction and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (viii) Seller or Buyer is suspended or expelled from membership or participation in any securities exchange or association or other self regulating organisation or suspended from dealing in securities by any government agency, or any of the assets of either Seller or Buyer or the assets of investors held by, or to the order of, Seller or Buyer are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (ix) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so, and the non-Defaulting Party serves a Default Notice on the Defaulting Party;

then subsection 7.2 below shall apply.

7.2 Remedies of Default

- (a) The Repurchase Date for each Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Margin Amounts (including interest accrued) shall be immediately repayable and the Additional Purchased Securities shall be immediately delivered (and so that, where this sub-clause applied, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Price for any Equivalent Securities or Additional Purchased Securities and the repayment of any Amount Margin shall be effected only in accordance with the provisions of sub-clause (b) below
- (b) (i) The Default Market Value of the Equivalent Securities or Additional Purchased Securities to be transferred, the amount of any Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices to be

paid by each party shall be established by the non-Defaulting Party for all Transactions at the Repurchase Date; and

(ii) On the basis of the sums so established, an account shall be taken (as at the Repurchase Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Additional Purchased Securities under this Agreement equals the Default Market Value therefore) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day.

(c) For the purpose of this Agreement. The "Default Market Value" of any Equivalent Securities or Additional Purchased Securities shall be determined in accordance with sub-clause (e) below and for this purpose –

(i) The "Appropriate Market" means, in relation to Securities of any description, the market which is the most appropriate market for Securities of that description, as determined by the non-Defaulting Party.

(ii) The "Default Valuation Time" means, in relation to an Event of Default, the close of business in the Appropriate Market on the fifth dealing day after the day of which that Event of Default occurs or, where that Event of Default is the occurrence of an Act on Insolvency in respect of which under paragraph 7.1 (a) no notice is required from the non-Defaulting Party in order for such event to constitute an Event of Default, the close of business on the fifth dealing day after the day on which the non-Defaulting Party first became aware of the occurrence of such Event of Default;

(iii) "Deliverable Securities" means Equivalent Securities or Additional Purchased Securities to be delivered by the Defaulting Party.

(iv) "Net Value" means at any time, in relation to any Deliverable Securities or Receivable Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation,

available prices for Securities with similar maturities, terms and credit characteristics as the relevant Equivalent Securities or Additional Purchased Securities) as the non-Defaulting Party considers appropriate, less, in the case of Receivable Securities, or plus, in the case of Deliverable Securities, all Transaction Costs which would be incurred in connection with the purchase or sale of such Securities.

- (v) “Receivable Securities” means Equivalent Securities or Additional Purchased Securities to be delivered to the Defaulting Party; and
- (vi) “Transaction Costs” in relation to any transaction contemplated in paragraph 7.2 (c) or (d) means the reasonable costs, commission, fees and expenses (including any mark-up or mark-down) that would be incurred in connection with the purchase of Deliverable Securities or sale of Receivable Securities, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;
- (d) (i) If between the occurrence of the relevant Event of Default and the Default Valuation Time the non-Defaulting Party gives to the Defaulting Party a written notice (a “Default Valuation Notice”) which
 - (A) states that, since the occurrence of the relevant Event of Default, the non-Defaulting Party has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or Additional Purchased Securities, and that the non-Defaulting Party elects to treat as the Default Market Value-
 - (aa) in the case of Receivable Securities, the net proceeds of such sale after deducting all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities sold are not identical in amount to the Equivalent Securities or Additional Purchased Securities, the non-Defaulting Party may either (x) elect to treat such net proceeds of sale divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Additional Purchased Securities as the Default Market Value or (y), the

Default Market Value of the balance of the Equivalent Securities or Additional Purchased Securities shall be determined separately in accordance with the provisions of this paragraph 7.2 (d) and accordingly may be the subject of a separate notice (or notices) under this paragraph 7.2 (d) (i); or

- (bb) in the case of Deliverable Securities, the aggregate cost of such purchase, including all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities purchased are not identical in amount to the Equivalent Securities or Additional Purchased Securities, the non-Defaulting Party may either (x) elect to treat such aggregate cost divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Additional Purchased Securities as the Default Market Value or (y) elect to treat the aggregate cost of purchasing the Equivalent Securities or Additional Purchased Securities actually purchased as the Default Market Value of that proportion of the Equivalent Securities or Additional Purchased Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Additional Purchased Securities shall be determined separately in accordance with the provisions of this paragraph 7.2 (d) and accordingly may be the subject of a separate notice (or notices) under this paragraph 7.2 (d) (i);
- (B) states that the non-Defaulting Party has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size (as determined by the non-Defaulting Party) and specifies -
 - (aa) the price or prices quoted by each of them for, in the case of Deliverable Securities, the sale by the relevant market marker or dealer of such Securities or, in the case of Receivable Securities, the purchase by the relevant market maker or dealer of such Securities;
 - (bb) the Transaction Costs which would be incurred in connection with such a

transaction; and

- (cc) that the non-Defaulting Party elects to treat the price so quoted (or, where more than one price is so quoted, the arithmetic mean of the prices so quoted), after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities, such Transaction Costs, as the Default Market Value of the relevant Equivalent Securities or Additional Purchased Securities; or

(C) states -

- (aa) that either (x) acting in good faith, the non-Defaulting Party has endeavored but been unable to sell or purchase Securities in accordance with sub-paragraph (i) (A) above or to obtain quotations in accordance with sub-paragraph (i) (B) above (or both) or (y) the non-Defaulting Party has determined that it would not be commercially reasonable to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under sub-paragraph (i) (B) above; and
- (bb) that the non-Defaulting Party has determined the Net Value of the relevant Equivalent Securities or Additional Purchased Securities (which shall be specified) and that the non-Defaulting Party elects to treat such Net Value as the Default Market Value of the Equivalent Securities or Additional Purchased Securities,

then the Default Market Value of the relevant Equivalent Securities or Additional Purchased Securities shall be an amount equal to the Default market Value specified in accordance with (A), (B) (cc) or, as the case may be, (C) (bb) above.

- (ii) If by the Default Valuation Time the non-Defaulting Party has not given a Default Valuation Notice, the Default Market Value of the relevant Equivalent Securities or Additional Purchased Securities shall be an amount equal to their Net Value at the Default valuation Time; provided that, if at the Default Valuation Time the non-Defaulting Party reasonably determines that, owing to circumstances affecting the market in the Equivalent Securities or Additional Purchased Securities in question, it is not possible for the non-Defaulting Party

to determine a Net Value of such Equivalent Securities or Additional Purchased Securities which is commercially reasonable, the Default Market Value of such Equivalent Securities or Additional Purchased Securities shall be an amount equal to their Net Value as determined by the non-Defaulting Party as soon as reasonably practicable after the Default Valuation Time.

- (e) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at Inter-bank Cash Market Rate or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than Inter-bank Cash Market Rate.
- (f) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may:
 - (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;
 - (ii) if Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from Time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.
- a. If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date Seller may:
 - (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
 - (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at

least equal to such Transaction Exposure;

- (iii) at any time while such failure continues, by written notice to Buyer declare that Transaction (but only that Transaction) shall be terminated immediately in accordance with sub-paragraph (b) above (disregarding for this purpose references in that sub-paragraph to transfer of Cash Margin and delivery of Additional Purchased Securities and as if references to the Repurchase Date were to the date on which notice was given under this sub-paragraph).
- (g) Subject to paragraph 7.2 (i) below, neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.
- (h) (i) Subject to sub-paragraph (ii) below, if as a result of a Transaction terminating before its agreed Repurchase date under paragraphs 7.2 (a), 7.2 (f)(iii) or 7.2 (g)(iii), the non-Defaulting Party, in the case of paragraph 7.2 (a), Buyer, in the case of paragraph 7.2 (f)(iii), or Seller, in the case of paragraph 7.2(g)(iii), (in each case the “first party”) incurs any loss or expense in entering into replacement transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with such replacement transactions (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement transaction provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
 - (ii) If the first party reasonably decides, instead of entering into such replacement transactions, to replace or unwind any hedging transactions which the first party entered into in connection with the Transaction so terminating, or to enter into any replacement hedging transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with entering into such replacement or unwinding (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement

or unwinding; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.

- (i) Each party shall immediately notify the other if an Event of Default, or an event which, upon the serving of a Default Notice, would be an event of Default, occurs in relation to it.

8.0. INTEREST ON OVERDUE PAYMENTS

Where any sum of money payable hereunder is not paid when due whether at stated maturity or otherwise interest shall accrue thereon at a rate greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is referable to a Transaction), for the actual number of days during the period from and including the date on which payment was due to, but excluding the day the overdue sum is paid in full. Such interest shall be payable on demand.

9.0. MISCELLANEOUS

9.1 Single Agreement

Each party acknowledges that, and has entered into this Agreement and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that all Transactions hereunder constitute a single business and contractual relationship, and are made in consideration of each other. Accordingly each party agrees-

- (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, and
- (ii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder.

9.2 Notices

All notices given in terms of this Agreement shall be in writing and sent to the registered address of Chief Executive Officer of the concerned Party or such other address as notified to the Party serving notice pursuant to the provision of this clause.

9.3 Assignment

The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned, or otherwise dealt with by either party without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions there under shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

9.4 Termination

- (a) Either party may terminate this Agreement by giving one-month written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding
- (b) All remedies hereunder shall survive Termination in respect to the relevant Transaction and termination of this Agreement.

9.5 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of United Republic Tanzania.

9.6 No Waivers

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such modification, waiver or consent shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to paragraph 3 (a) hereof will constitute a waiver of any right to do so at a later date.

9.7 Dispute Settlement

- (a) In the event of any dispute arising under this Agreement, the Parties hereto shall endeavour to settle such dispute amicably. If they do not reach an amicable solution within a period of fourteen (14) days from the occurrence of the dispute then the dispute shall be referred to arbitration.
- (b) The arbitral panel shall be composed of three (3) arbitrators each party appointing

within three (3) business days one (1) member, and the third arbitrator, who will be a presiding arbitrator, shall be appointed by the two (2) arbitrators within the subsequent 7 days.

- (c) The Parties further agree that decision of the determination of the arbitrators shall be binding on them and, to the extent permitted by the law, shall not be subject to any appeal.

IN WITNESS WHEREOF authorized representatives of the Parties have executed this Agreement in the manner and on the date appearing below.

SEALED with the **COMMON SEAL** of the said _____ }
..... and delivered in our presence of _____ }
this _____ day of _____, 200 _____ }

Names: _____

Signature: _____

Postal Address: P.O. Box
DAR ES SALAAM

Designation: _____

Name: _____

Signature: _____

Postal Address: P.O. Box
DAR ES SALAAM

Designation:.....

SEALED with the **COMMON SEAL** of the said _____ }
..... and delivered in our presence of _____ }
this _____ day of _____, 200 _____ }

Names: _____

Signature: _____

Postal Address: P.O. Box
DAR ES SALAAM

Designation: _____

Name: _____

Signature: _____

Postal Address: P.O. Box.....
DAR ES SALAAM

Designation:.....

DEAL/CONFIRMATION SLIP

To:.....

From:.....

Date:.....

Subject: REPURCHASE TRANSACTION

(Reference Number)

Dear Sir/Madam,

The purpose of this [letter]/[facsimile]/[telex], a “Confirmation” for the purposes of the Agreement, is to set forth the terms and conditions of the above repurchase transaction entered into between us on the Contract Date referred to below.

This Confirmation supplements and forms part of, and is subject to, the Master Repurchase Agreement (MRA) as entered into between us as of (*insert date of signing MRA*) as the same may be amended from time to time (the “Agreement”). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and phrases defined in the Agreement and used in this Confirmation shall have the same meaning herein as in the Agreement.

1. Contract Date:.....

2. Securities Description:

SERIAL NUMBER	TYPE OF SECURITIES	TENURE	MATURITY DATE	TREASURY BILL/BOND NUMBER	AMOUNT
Total					

3. Buyer:.....

4. Seller:.....

5. Purchase Date;.....

6. Purchase Price:.....
7. Repurchase Date: *
8. Terminable on demand: *
9. Pricing Rate:.....
10. Sell Back Price:.....
11. Buyer's Bank accounts] Details:.....
12. Seller's Bank account [s] Details.....
13. [Additional Terms]: * (insert if any)

Yours faithfully,

.....

for and on behalf of

.....

* Delete as appropriate

*

TERMS AND CONDITIONS OF THE CENTRAL DEPOSITORY SYSTEM.

1. For the purpose of clause 5 of the Agreement, the Bank shall operate a Central Depository of Securities System through which custody of securities transfer, and settlement of transactions contemplated under the Agreement or analogous transactions shall be effected subject to the terms and conditions set out hereinafter.
2. Parties to each transaction under the Agreement shall make use of the Dealing service for delivery and safe custody of the securities credited and debited to relevant accounts of the parties contemplated under paragraph 6 hereinafter, and any transfer of such securities and settlement of respective accounts shall be effected through such accounts as shall be maintained by parties in relation thereto.
3. Parties to each transaction acknowledge and agree that the Bank does not owe to either of them any duty (whether contractual or otherwise and whether for itself or on behalf of any other persons) to monitor or enforce the compliance of any party with the Dealing Service Procedures.
4. The Bank may by reason of any circumstances whatsoever beyond the Bank's control including without limitation to partial or total failure, malfunction or overload of the Dealing Service or other emergency or at its absolute discretion suspend the service wholly or partially, or vary the operational timetable either in a particular case or on an ongoing basis.

It is understood and acknowledged that any such suspension or variation shall not affect obligation of the parties under this Agreement, and the same shall continue in full force and effect (save to the extent that any such obligation cannot be performed).

5. Any securities for the time being deposited to an account of any one party to a particular transaction shall be held by the Bank on trust for that particular party. Where a transaction has been concluded under the Agreement, the Bank shall hold the security on trust for the transferee.

For avoidance of doubt, the holding by the Bank of such securities shall not be construed as representing the Bank's acknowledgement of any title of the party to those securities.

The transfer of the securities for credit to any party's account in accordance with the

applicable Procedures shall constitute a sufficient demand for payment and a party hereby waives any further demand for payment.

6. Parties shall maintain settlement accounts in respect of the operation of the Dealing Service at the Bank.
7. (a) Where the Bank becomes aware of existence of proprietary or equitable interest or other right in securities which is in the possession of the Bank and is held by the Bank for the account of party or may be held or asserted by any other person, the Bank may at any time thereafter-
 - (i) restrain the party from making any further transfer or disposition of the relevant securities through the Dealing Service unless the party so restrained obtained express prior consent of the Bank
 - (ii) or forthwith cause withdrawal of the relevant Instrument from the Dealing Service.
- (b) In the event that the party becomes aware of the Bank's restraints, it shall forthwith inform the Bank of the circumstances within its knowledge and comply with any requirements imposed by the Bank as herein provided.
8. Each party to a transaction shall expressly and irrevocably authorize the Bank during the subsistence of its Dealing service participation, to make any such deductions from respective accounts or transfer of such securities as shall be necessary to clear and settle any transaction under the Agreement. Subject to applicable Procedures, the Bank shall in relation to transfer of securities or transfer of funds be entitled to rely solely on such instructions or Information provided by a participating institution.

Each party further agrees that occurrence of unauthorized overdraft in the accounts of a party on account of settlement of a transaction herein will attract interest at the Lombard rate applicable to overdraft facilities at the Bank.
9. Each party undertakes to observe applicable Procedures to the extent of their relevance and validity to a party and notify the Bank of any changes in information relevant to its participation to Dealing Service that may have material adverse effect on such compliance as soon as practicable. In particular, parties acknowledge that a penalty of 0.05% of the transacted amount will be charged in the event of late submission of respective confirmations and certificates beyond the time specified.

10. Each party shall initiate payments' instruction through TISS in respect of securities transferred between the parties to a transaction through the Dealing Service in whatever manner as prescribed in applicable Procedures.
11. The Bank shall execute or act upon instructions or information received through the Dealing Service provided that such instructions or information are received in accordance with the applicable Procedures. Where it is subsequently discovered that such information instructions was not correct or authorized in accordance with the applicable Procedures then such execution or action shall, save in the case of willful default, gross negligence or reckless disregard of its obligations, constitute a good discharge to the Bank.

The Bank gives no representation as to the creditworthiness of any party who may be or become liable upon securities and in particular the Bank shall not incur any liability to a party or any other person as a result of any failure by any such party to pay for any securities.

12. The Bank may at any time upon its absolute discretion and written notice to the parties varies or waives the applicable Procedures or part thereof.

**BANK OF TANZANIA
DOMESTIC MARKETS DEPARTMENT
DIRECTORATE OF FINANCIAL MARKET**

8TH SEPTEMBER 2010

