



## FAQ on the EC Facility

### **1. Are “beneficiary” and similar general terms like “projects”, “loan” or “transactions” are limited to the Fund’s “direct counterparty” and not Sub-Borrowers?**

The term Beneficiary refers to the direct borrower of TCX’s swap counterparty and also each underlying beneficiary of the facility. This term covers the entire “value chain” of the facility from the direct borrower to end-clients.

### **2. What are “administrative arrangements” or “verification clauses”?**

We see these as procedural agreements that would have to be reached with OLAF on the one hand and Eligible Swap Counterparties on the other to satisfy the demands of OLAF in case issues arise. These agreements would be bespoke, based on the specifics of each case.

### **3. How does TCX understand what the “date on which any legal liability of the Eligible Swap Counterparty in respect of that Eligible Swap has ended” means?**

We understand the final maturity date of an Eligible Swap, unless there are “any ongoing audit, verification, appeal, litigation, or pursuit of claim by OLAF”.

### **4. If there is a default, can the Fund retain pricing benefits already received/accrued in respect of the Eligible Swap before the date of such default?**

Yes, the pricing benefit already received is retained; however, for the remaining maturity, the pricing benefit is subtracted at the moment of the unwind (essentially TCX does not “subsidized” the unwind value that instead is conducted based on commercial pricing).

### **5. Provision of information – Our Funds are also subject to confidentiality requirements and should only be compelled to share information where permitted by law.**

It is understood that TCX / EC cannot ask a fund to violate the law.

### **6. How do you apply data Protection? we are identified as a *data controller*, so we need to ensure the personal data that we are providing has appropriate and adequate data protection / information security measures. If you have a data breach or security incident, who would be liable?**

This will always depend on the applicable laws. In the EU, the GDPR applies, also to OLAF (see Article 3.3). A breach of these laws by any party would expose it to consequent liabilities.

### **7. How does the bidding process work?**

Investors will be invited to submit bids during the so-called “Submission Period” that will last one week (timing to be confirmed); then TCX will proceed ranking the received requests based on the agreed criteria (discount required *in primis*). Finally, TCX will allocate the capacity to the selected bids for a limited amount

of time (2 months) that are expected to be used by the investors to complete their investment process to then reach the disbursement of the loan and the execution of the swap.

**8. What is the timeline of the program and allocation process?**

After the program is launched, there will be an information period of 1-2 months and the submission of requests. Then it should take 3-4 months for the deals to be disbursed.

The allocations are on a transaction-by-transaction basis, and we will allocate the deals that requires less discount with priority to most frontier currencies in Africa and tenors above 2 years.

**9. For fund managers, would it be required to have separate funds under management to sign the side letter?**

The fund itself with its authorized signatories that signs the Side Letter (not the fund manager / advisor).

**10. Can clients request allocation for Category 2 currencies?**

If we don't allocate all of the subsidy, we will then open a second round with Category 2 currencies. So, the eligibility of these currencies depends on the requests we receive for the first category.

**11. Who does the monitoring of end-clients and the AML-KYC checks?**

The EU expects TCX, the fund and the MFI to complete the AML-KYC questions to all parties involved. TCX cannot take this liability so this responsibility lies with our clients. In some cases, the fund manager relies on the MFI to check the compliance and KYC matters.