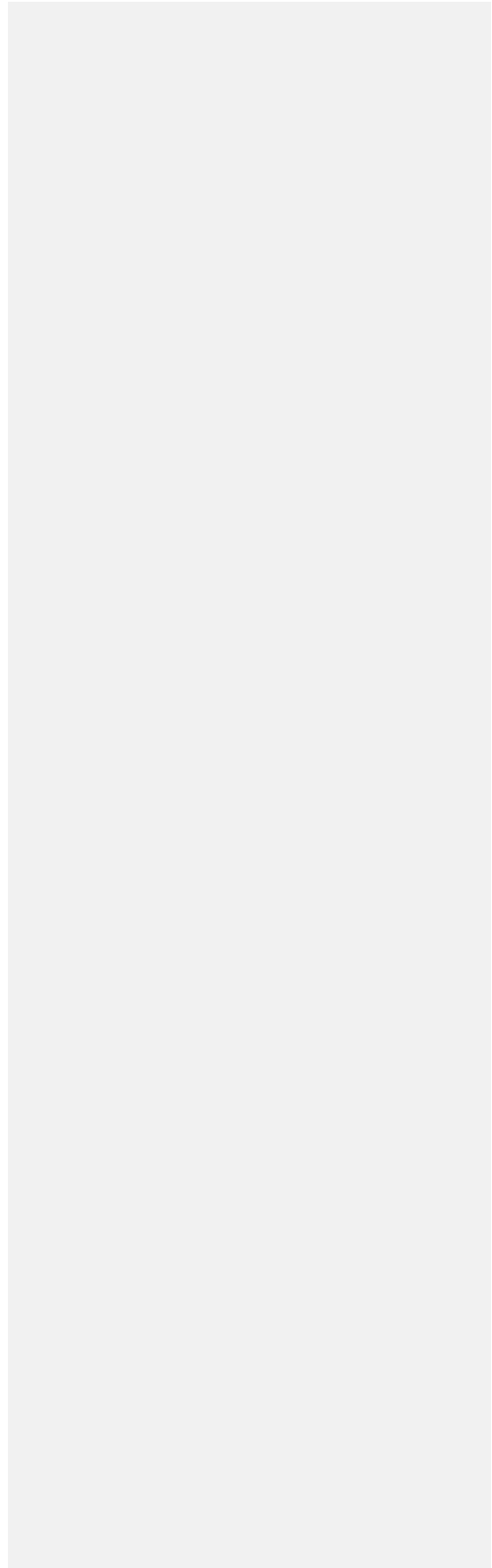




Terms and Conditions for
RIX and monetary policy
instruments
Annex H4
Collateral Instructions

MARCH 2020:[2](#)

|



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1 Introduction

This document describes in more detail the requirements, which according to the Master Document for the Terms and Conditions for RIX and monetary policy instruments (the Master Document), apply for securities to be eligible as collateral for Credit¹. This document forms a part of the Terms and Conditions for RIX and monetary policy instruments (the Terms and Conditions).

2 Eligible collateral

2.1 Collateral for Credit

The Riksbank can accept as collateral for Credit eligible assets that fulfil the qualification requirements presented below, as well as foreign currencies in the way presented below.

Credit rating

- a. The following applies with regard to credit ratings:
 1. A security must have at least the lowest acceptable credit rating to be accepted as collateral.
 2. Securities must have a credit rating corresponding to at least AA- to be accepted as collateral².
 3. The credit rating must be confirmed by an external rating from one or more of the credit rating agencies the Riksbank acknowledges: Standard & Poor's, Moodys Investor Services and Fitch Ratings.
 4. It is not possible to confirm the credit rating of a security through a possible guarantor's credit rating.
 5. For securities other than those covered by Section 2.1.1a.-b. below (issued by Credit Institutions), confirmation of only the issuer's credit rating is acceptable.
 6. If there are credit ratings for the security, only the credit rating for the security at the time of the assessment shall be used.
 7. If there are several credit ratings for the security or several credit ratings for the issuer published by more than one of the above-specified credit rating agencies, at least two of the credit ratings must meet the Riksbank's requirements for credit ratings.
 8. The Riksbank can always choose to assess the credit rating in a way other than using the external credit ratings, whereby the Riksbank's own assessment will determine whether a security is accepted as collateral.

¹ Intraday Credit, transaction in accordance with the Master Document D.1.2.2 or credit under the Standing Facilities in accordance with the Master Document D.2.

² Normally, the credit rating AA- corresponds to a long-term assessment according to Standard & Poor's terminology of AA-, according to Moody's Investor Services' terminology of Aa3 and according to Fitch Ratings terminology of AA-.

Listing requirement

- b. Securities must be listed for trading on a regulated market in an approved country as listed in Table 2 below.

Outstanding volume

- c. The outstanding volume for each issue must be at least SEK 100 million (or the equivalent in another currency). Outstanding volume here refers to the part of the amount issued that is registered with a party other than the issuer. This requirement does not apply to securities issued by the Riksbank.

The currency the security is issued in

- d. A security must be issued in the currencies approved by the Riksbank. The currencies in Table 1 are approved by the Riksbank.

Table 1 *Approved currencies.*

Unites States dollar (USD)
United Kingdom pound (GBP)
Danish krone (DKK)
Euro (EUR)
Japanese yen (JPY)
Norwegian krone (NOK)
Swedish krona (SEK)

Accounting

- e. Securities shall be registered in book-entry form at a central securities depository licensed according to the Act (1998:1479) on Accounting of Financial Instruments (at present only Euroclear Sweden AB), or at a central securities depository abroad.
- f. If securities are registered abroad, the accounting must be done in a country listed in Table 2 and covered by regulations for pledging or transfers that are sufficiently secure according to the Riksbank's assessment. Moreover, there must be established procedures for managing collateral, see further h.-i. below.

Issuer's domicile

- g. Securities must have been issued by an issuer who is legally domiciled in a country approved by the Riksbank. The countries in Table 2 are approved by the Riksbank.

Table 2 *Approved countries*

United States of America (USA)	Australia	Belgium
Denmark	Finland	France
Greece	Ireland	Italy
Japan	Canada	Luxembourg
Netherlands	Norway	New Zealand
Portugal	Switzerland	Spain
United Kingdom	Sweden	Germany
Austria		

Collateral arrangements

- h. The management of collateral can be organised in four different ways to receive the approval of the Riksbank:
1. The Riksbank can have a representative (correspondent) in the country concerned, which represents the Riksbank in relation to the central securities depository. There may be limitations in the possibility to use these arrangements.
 2. The Riksbank can itself, without any intermediary, be directly connected to a central securities depository abroad. The Riksbank has this type of arrangement with Euroclear Bank SA/NV in Belgium. However, with regard to securities not issued by the central securities depository abroad, the provisions under point 3 below will apply.
 3. It is possible to establish a connection (link) between the central securities depository abroad where the issue is registered and Euroclear Sweden or the central securities depository abroad used in accordance with points 1 and 2 above, on condition that this link is considered to meet the Riksbank's security requirements. The links that currently meet the Riksbank's requirements are listed in [Appendix 1](#).
- i. The Riksbank determines whether and how the connection to the central securities depository shall be organised. The principle followed is that a Counterparty who wishes to have a security that is registered abroad approved as collateral shall bear the cost of establishing or evaluating the necessary arrangements.

Foreign currency

- j. In addition to securities, foreign currencies can be approved as collateral.
- k. To be considered eligible, the foreign currency must be registered in an account with another central bank that is pledged to the Riksbank. This assumes that the Riksbank has signed an agreement with the foreign central bank concerned. The Riksbank has agreements on this type of arrangement with the Danish and Norwegian central banks regarding Danish and Norwegian kroner respectively, within what is known as the Scandinavian Cash Pool. See also Section 5.4 below.
- l. In addition to foreign currencies registered with other central banks, the Riksbank can accept the pledging of euro in accounts with the Riksbank. See also Section 5.5 below.

Hard-to-value securities etc.

- m. The Riksbank may refrain from approving securities that may, in the Riksbank's judgement, be difficult to value or in cases where the Riksbank does not have access to prices from its price supplier. The same may be applicable should the Riksbank not have access to information about the securities from its information supplier that confirms that the Riksbank's requirements are fulfilled.

2.1.1 Further requirements, etc. for special types of security

a. Securities issued by Credit Institutions

1. Credit Institutions here refers to institutions covered by the definition in Annex H1, Definitions, to the Master Document³. This means that institutions with registered offices both within and outside of the EEA can be included.
2. Securities issued by Credit Institutions are only approved if
 - i. the security has been guaranteed by a central government or local government abroad that has an unlimited power of taxation and the security is assessed as

³ Institution that corresponds to the definition in Article 4.1 of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions

having a credit rating that corresponds at least to the credit rating of the central government, or

ii. the security is covered (see Section 2.1.1 b below).

3. The security shall fulfil the requirements in Section 3.3 below.

Formaterat: Engelska (USA)

b. Covered securities

1. Covered securities refers here to those securities that meet the requirements in Article 52.4 of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS). Member state in the Directive covers states that are members of the EEA, including those who are not also members of the EU.

2. This means that securities issued by Credit Institutions that have their registered office outside of the EEA cannot be regarded as covered.

3. The security shall fulfil the requirements in Section 3.3 below.

2.1.2 Ineligible securities

Equity-related

a. Securities pledged as collateral should not be equity-linked (e.g. convertible debt instruments, debt instruments with new-issue options, participating debentures and convertible debentures).

Subordination

b. Securities pledged as collateral should not have subordinated payment rights (e.g. subordinated debentures and, with regard to structured issues, securities with subordinated payment rights in relation to other securities in the same issue).

Asset-backed securities

c. Asset-backed securities, ABS, are not accepted as collateral.

Securities issued by closely-linked issuers

d. Securities issued by closely-linked issuers are not accepted as collateral except from covered securities in accordance with Section 2.1.1 b. A company is considered to have close links if:

- i. the Counterparty directly, or indirectly through one or more of its ownership interests, owns at least 20% of the capital in the issuer,
- ii. the issuer directly, or indirectly through one or more of its ownership interests, owns at least 20% of the capital in the Counterparty, or
- iii. a third party owns more than 20% of the capital in the Counterparty and more than 20% of the capital in the issuer, either directly or indirectly, through one or more ownership interests.

2.1.3 Credits administered by Euroclear Sweden

Securities that, according to Section 3.3 below, are included in group B are accepted without limitation subject to the provisions of Section 3.3.2 as collateral for CB credit⁴ in accordance with the Master Document C.4.1 (c).

2.2 Monetary policy repos

In its monetary policy repo transactions, the Riksbank can accept Swedish or foreign promissory notes that meet the requirements in Section 2.1 above, subject to the following restrictions:

- a. Only securities registered with Euroclear Sweden AB and included in the VPC system's PM clearing are accepted.
- b. Only SEK-denominated securities will be accepted.
- c. Securities described in Section 3.3.2 below are not accepted.
- d. Securities maturing during the maturity of the repo or where the coupon is detached during the maturity of the repo are not accepted.

3 Valuation and risk management

3.1 Collateral for Intraday Credit

3.1.1 Market valuation

- a. All collateral is valued on a daily basis.
- b. For market valuation, the Riksbank uses prices from an external price supplier.
- c. Valuation is primarily carried out using the closing rate of the relevant market.
- d. If no closing rate is available, the current bid price at closing of the relevant market is used.
- e. If neither the current closing rate nor the current bid price are available, the Riksbank applies a theoretical valuation. The Riksbank then normally applies an extra haircut.
- f. If a theoretical price (or exchange rate) is not available either, the price (rate) from a previous day or days is used. The Riksbank then normally applies an extra haircut which is adjusted both to the age of the available prices and to the market situation.
- g. If the Riksbank considers that a price according to f. above is too old, the haircut may become 100%, i.e. the security is valued at 0.
- h. The market value includes accrued interest up to and including the valuation day and, where appropriate, detached but not prepaid coupons.

3.1.2 Adjustment of the market value

The market value of securities is adjusted in accordance with the following haircuts. When establishing the size of the haircut, the liquidity and duration of the security are taken into account.

- a. The security is classified according to a liquidity category. The assessment is made on the basis of the issuer and type of security in accordance with Table 3.

⁴ Intraday Credit granted by the Riksbank to RIX Participants according to special procedures to facilitate securities settlement in Euroclear Sweden.

Table 3 *Liquidity classes*

<u>Category</u>	<u>Comprises</u>
1	i. Securities issued by governments ii. Securities issued by central banks iii. Other receivables at central banks
2	i. Securities issued by international organisations ii. Securities guaranteed by governments iii. Securities issued or guaranteed by municipalities, county councils or equivalent foreign local authorities iv. Covered securities v. Securities issued by so-called agencies ⁱ
3	i. Other eligible securities

ⁱ The issuers regarded as agencies are listed in [Appendix 2](#).

- b. On the basis of the above classification, the haircut shall be applied according to maturity and coupon structure as shown in Table 4A.

Table 4 – *Haircut for price risk*

Maturity ⁱ , years	<u>Liquidity class 1ⁱⁱ</u>			<u>Liquidity class 2</u>			<u>Liquidity class 3</u>		
	Fixed rate	Variable rate	Zero coupon	Fixed rate	Variable rate	Zero coupon	Fixed rate	Variable rate	Zero coupon
0-3	3.0%	1.0%	3.0%	3.0%	3.0%	5.0%	8.5%	6.0%	9.0%
3-5	4.0%	2.0%	7.0%	5.0%	4.0%	10.0%	11.0%	8.5%	14.0%
5-7	5.0%	5.0%	9.0%	7.0%	6.0%	15.0%	15.0%	12.0%	27.0%
7-10	6.0%	6.0%	12.0%	10.0%	10.0%	20.0%	20.0%	17.0%	35.0%
>10	7.0%	7.0%	20.0%	15.0%	14.0%	25.0%	35.0%	30.0%	40.0%

ⁱ Remaining time to maturity

ⁱⁱ A haircut of 0.5% is applied to account balances with central banks. No haircut is applied to account balances with the Riksbank and to securities issued by the Riksbank.

There will be an extra 5 percent haircut for covered securities issued by the Counterparty or a closely-linked issuer.

- c. A haircut for foreign exchange risk will be made in accordance with Table 6, if a security is issued in a currency other than Swedish krona.

Table 6 – *Haircuts for foreign exchange risk*

<u>Currency</u>	<u>Haircut</u>
United States dollar (USD)	6.0%
United Kingdom pound (GBP)	5.0%
Danish krone (DKK)	4.0%
Euro (EUR)	4.0%
Japanese yen (JPY)	9.0%
Norwegian krone (NOK)	4.0%

- d. An extra haircut of 5 percentage points is made if the security is valued theoretically. This does not apply if the security has been issued by the Riksbank.
- e. An extra haircut is made if the security is valued using old prices. The Riksbank decides on the size of this haircut, taking relevant factors into account.
- f. The Riksbank can decide to make a haircut for a particular security or type of security if it considers this necessary.

3.1.3 Collateral surpluses/deficits for monetary policy repos

The difference between the adjusted market value of the securities pledged for a monetary policy repo and the repo amount, including accrued interest, affects the total adjusted market value for other collateral. See also 3.2.1.c.

3.1.4 Additional collateral

The Riksbank has the right to request additional collateral. However, the credit limit for Intraday Credit and credit in the standing facilities is normally calculated to correspond to the adjusted market value.

3.2 Collateral for monetary policy instruments

3.2.1 Monetary policy repos

a. *Market valuation*

The market value of the security is determined in accordance with Section 3.1.2 above.

b. *Adjustment of the market value*

The market value of the security is adjusted in accordance with Section 3.1.2 above.

c. *Collateral surpluses/deficits*

1. Any positive difference between the adjusted market value of the securities pledged for a monetary policy repo according to 3.2.1 b. above and the amount paid including accrued interest is added to the values of the adjusted market value for individual securities pledged as collateral in the calculation of the total adjusted market value for all collateral excluding monetary policy repos. After the end of the banking day prior to the due date of the repo, a positive difference is no longer included in the calculations.
2. Any negative difference between the adjusted market value of the securities pledged for a monetary policy repo according to 3.2.1 b. above and the amount paid including accrued interest is deducted from the values of the adjusted market value for individual securities pledged as collateral in the calculation of the total adjusted market value for all collateral excluding monetary policy repos. A negative difference is charged to the total adjusted market value until the repo is repaid.

d. *Additional collateral*

The Riksbank has the right to request additional collateral if the negative difference in value according to Section 3.2.1 c.2 above cannot be covered by collateral pledged according to 2.1 above.

d. *Other terms and conditions*

The settlement amount of a security included in a repo is set by the Counterparty. It should not exceed the adjusted market value of the collateral. The aggregate purchase price for all purchased securities (the total settlement amount) that a Counterparty offers in a repo transaction shall correspond to the amount allotted by the Riksbank. However, for practical and system-technical reasons (decimal rounding-off) a deviation of a maximum of +/- SEK 25 is accepted.

3.2.2 Other monetary policy credits, including lending through the lending facility

The eligibility requirements for these credits are the same as for collateral with Intraday Credit (see Section 3.1).

3.3 Accepted securities

a. The following securities are accepted securities: Securities that meet the requirements specified in Section 2.1 and comprise one of the following types:

1. Securities issued by central governments, local governments or authorities abroad.
2. Securities issued by international bodies.
3. Securities issued by Credit Institutions that have a guarantee from a central government or local government (kommun or landsting in Swedish) but only if the security has not been issued by the Counterparty or a company with close links to the Counterparty.
4. Securities issued by other companies, on condition that the security has not been issued by the Counterparty or by a company with close links to the Counterparty, and is not an asset-backed security.

a. Securities that are covered in accordance with Section 2.1.1 b. and that otherwise meet the requirements described above in Section 2.1 and that have a credit rating corresponding to at least AA- are included even if such securities are issued by the Counterparty itself or an entity with close links to the Counterparty.

Borttaget: Concentration limit

Borttaget: The eligible collateral is divided into two groups. One of these, group A, comprises the collateral that can be left unlimited, while group B comprises collateral that may amount, at most, to 80 per cent of the counterparty's total adjusted market value ("collateral value").

Borttaget: Collateral included in group A

Borttaget: ¶

Borttaget: and Section 2.1.1 a., but that are not covered by 3.3.2 below

Borttaget: , are included in group A and are not subjected to a concentration limit

Borttaget: <nr>Account balances in Danish kroner with Danmarks Nationalbank, in euro with the Riksbank and in Norwegian kroner with Norges Bank are included in group A and are not subjected to a limit.¶
<nr>Collateral included in group B¶

Borttaget: <nr>and Section 2.1.1 a.

Borttaget: <nr>.

Borttaget: <nr>subject to the provisions of point b. below, in group B and may not exceed, in total, 80 per cent of the total collateral value

Borttaget: <nr>an entity other than

Borttaget: <nr>A maximum of 50 per cent of the share of a Counterparty's total collateral value composed of securities in group B may be issued by the same issuer or issuers who are closely linked. Issuers are considered to be closely linked if:¶
<nr>i. an issuer directly, or indirectly through one or more of its ownership interests, owns at least 20% of the capital in another issuer, or ¶
<nr>ii. the same third party owns more than 20% of the capital in the issuer, either directly or indirectly, through one or more ownership interests.¶
<nr>Application of the limit rule¶
<nr>If the collateral value for the securities pledged by a Counterparty as collateral and which are included in group B exceed 80 per cent of the total collateral value for all securities pledged by the Counterparty as collateral (both group A and group B), the collateral value of the securities in group B shall be reduced so that it amounts to only 80 per cent of the total collateral value. This means that the collateral value for the securities included in group B can amount to a maximum of 400 percent of the collateral value of the securities included in group A.

4 Investigation of a security

4.1 Certain securities registered with Euroclear Sweden

The Riksbank investigates independently whether a security can be approved as collateral on condition that the security is registered in the VPC system's PM clearing and is a security issued by the Swedish government, that is by the Swedish National Debt Office, or by a Swedish local government body, or is a Swedish covered bond. This investigation only applies to interest-bearing instruments as well as certificates issued by the Riksbank and Swedish Treasury Bills.

4.2 Other securities

With regard to other securities than those described above in 4.1, the Riksbank applies an application procedure. The Riksbank investigates whether a security (an issue with an ISIN number) shall be eligible as collateral upon receiving an application from a Counterparty to

the Riksbank. The application should be made on form S.B1, Ansökningsblankett för godkännande av värdepapper som säkerhet för kredit (Application form for approval of securities as collateral for credit). There are instructions for completing the form.

The Riksbank will refuse an application if the security does not fulfil all of the eligibility requirements. This means, for instance, that a security must be listed for trading and that the credit rating must be confirmed with a definite rating. The Riksbank will not give any prior indication about the eligibility of a security given certain assumptions.

The Riksbank can, in some cases (e.g. for securities with links abroad and/or issue terms that are difficult to assess), request that a Counterparty supply and bear the cost of producing a legal opinion that shows that the Riksbank's requirements are met with regard to a security the Counterparty wishes to pledge as collateral. The legal opinion shall be issued by a lawyer's office that is independent of the Counterparty and approved by the Riksbank and must contain the certification/comments the Riksbank specifies.

Assuming that the application is correct and complete, the Riksbank will normally process it within one working week. This will take longer if an issuer's security has not previously been investigated by the Riksbank, or if the prices of the security are not regularly noted and available electronically. The same applies if large numbers of applications are submitted at the same time.

4.3 List of eligible assets

Securities that have been approved by the Riksbank are entered onto a list (Annex S2, Eligible assets for credit). The list shows the haircut that is applied to the security. The list is published on the Riksbank's website and updated when changes are made, although only once a week.

If a security no longer fulfils the requirements for eligible assets according to Section 2 above, the Riksbank will decide that it no longer accepts this security with effect from a given date and the security will be removed from the list of Eligible assets. The Riksbank can decide that the decision will come into force immediately, but can allow a period of grace to allow exchange of the security.

5 Investigating and establishing collateral arrangements

5.1 Collateral in accounts kept by Euroclear Sweden

The Counterparty shall show that the Counterparty or its representative is a member of the clearing types (PM clearing, AM clearing and/or gross real-time settlement) at Euroclear Sweden used for providing collateral.

5.1.1 Pledges for credit

The Riksbank will open one or more pledging accounts for the Counterparty, where the Riksbank will function as account operator. The counterparty shall sign a special pledge declaration with regard to these accounts.

A RIX Participant can receive a special Intraday Credit in the Riksbank intended for the settlement of securities in Euroclear Sweden (Central bank credit). This Intraday Credit will be administered by Euroclear Sweden on behalf of the Riksbank. A special agreement on opening such an account will be signed with the Riksbank.

5.1.2 Securities in repo transactions

The Riksbank will open an account in the Riksbank's name to which the Counterparty shall deliver the sold securities.

5.2 Collateral in accounts with Euroclear Bank

To use securities in accounts registered with Euroclear Bank as collateral, the Counterparty must sign a special pledge declaration and an agreement with Euroclear Bank. The conditions in Section 2.1 h. 3. above apply to securities registered with Euroclear Bank (see also Section 5.4 below).

If the Counterparty uses a proxy for collateral registered with Euroclear Bank, both the Counterparty and the proxy must enter into an agreement with Euroclear and the Riksbank.

5.3 Assessment of other links than those included on the list of eligible links (Appendix 1)

The Riksbank can approve a new link on condition that it can be demonstrated that the arrangement is sufficiently secure in the judgement of the Riksbank, and that does not entail any restriction of the Riksbank's ability to use and realise pledges registered and transferred via the link. This assumes that the Counterparty carries out a legal investigation. The Riksbank provides instructions regarding the scope of the legal investigation for each particular case. Any cost for carrying out a legal investigation will be borne by the Counterparty. The counterparty should be aware that the Riksbank's investigation of a link requires adequate time for processing.

5.4 Holdings of Danish or Norwegian kroner with the Danish or Norwegian central banks

Collateral in the form of credit in foreign currency in accounts with the Danish and Norwegian central banks can be pledged through the Scandinavian Cash Pool (SCP), which is a cooperation between the central banks in Denmark, Norway and Sweden. It is necessary to sign agreements on participation with both the foreign central bank and with the Riksbank.

In addition, the counterparty shall agree with the central bank abroad to open an account in this bank that is pledged to the Riksbank. Finally, the counterparty shall make a pledge declaration to the Riksbank with regard to the account in the central bank abroad.

In addition to the time required to sign these agreements etc., the Counterparty is required to test the system.

5.5 Holdings of euro with the Riksbank

Collateral in the form of holdings in euro in an account with the Riksbank is pledged by making a deposit in the Riksbank's account with Deutsche Bundesbank.

The Counterparty shall provide the Riksbank with a grant of pledge. The Riksbank charges an entry fee of SEK 30,000 to the Counterparties wishing to use this service.

The Counterparty shall be prepared to conduct tests before the service starts to be used.

6 Routines for pledging collateral for Credit

6.1 Collateral in accounts kept by Euroclear Sweden

6.1.1 Pledging

Normally, to pledge a security, the Counterparty registers a sale without payment in real-time gross settlement (transaction code BTSA) from its own account to the pledging account opened by the Riksbank. If the counterparty's registration automatically matches certain formal requirements, the Riksbank automatically issues a matching requirement. After settlement, the Counterparty's credit limit in the Riksbank (RIX) automatically increases by an amount corresponding to the adjusted market value of the asset concerned.

6.1.2 Returning pledged collateral

A request to return pledged collateral is usually made through the Counterparty registering a purchase without payment in real-time gross settlement (RTGS) from the pledging account opened by the Riksbank to its own account. After the formal checks have been carried out, the Riksbank automatically investigates whether the credit limit in RIX can be reduced by an amount corresponding to the adjusted market value of the asset concerned. If so, the Riksbank automatically issues a matching transaction.

6.1.3 Pledging by proxy

If the Counterparty does not take care of registration in VPC itself, but instead uses a proxy, the Counterparty is bound by the registrations made by the proxy. The Riksbank has the right to apply rights of pledge to all securities transferred by the proxy to a pledging account in the Counterparty's name.

6.1.4 Collateral account for central bank credit administered by Euroclear Sweden.

Each holding registered in book form in the account or accounts the Counterparty has designated as collateral accounts and which are covered by the Counterparty's pledge declaration is pledged to the Riksbank and requires no special registration measure.

At the request of the Riksbank, Euroclear Sweden automatically checks when the sale of an asset is registered in a collateral account that this pledge can be released with regard to the remaining adjusted market value in relation to utilised credit. This check for releasing pledges is also carried out at the end of each day. In certain cases, pledged collateral can only be released if the Riksbank receives lien on the Counterparty's claim for settlement payment for the assets sold.

6.1.5 Repayment of central bank credit administered by Euroclear Sweden

Repayment shall be made at the point in time specified by the Master Document C.4.4(c). If repayment has not been made before 3 p.m., the security will automatically be transferred from the collateral account for central bank credit to the pledging account for credit in the Riksbank used by the Counterparty. When the transfer has been completed, the total adjusted market value (collateral value) of all securities that the Counterparty has pledged as collateral to the Riksbank in accordance with these Terms and Conditions will be recalculated and information on new credit limits in RIX will be issued to RIX. At the same time, RIX will be instructed to repay the central bank credit via a system-generated transaction. If the repayment and the limit update cannot be implemented because the automatically-transferred securities are valued differently as collateral for central bank credit and as collateral for intraday credit in the Riksbank, the Riksbank will undertake measures for the repayment of the central bank credit. The Counterparty is obliged to

immediately pledge additional collateral or to completely or partly repay the intraday credit in RIX (see Master Document C.4.5.1(c)).

6.2 Collateral in accounts with Euroclear Bank

6.2.1 Pledging

The counterparty shall then register a delivery without payment (02 Deliver FOP) as a “daylight instruction” from its own account to the account opened in the Riksbank’s name. The Riksbank then automatically makes a reverse registration. After settlement in Euroclear Bank, the credit limit will be updated in RIX by the adjusted market value of the new collateral.

6.2.2 Returning pledged collateral

Returning pledged collateral will occur in a manner corresponding to pledging (01 Receive FOP - Daylight Instruction). The Riksbank will automatically register this in Euroclear Bank after the credit limit in RIX has been reduced by an amount corresponding to the adjusted market value of the asset that is to be returned.

6.3 Foreign currency held at the Danish or Norwegian central banks (Scandinavian Cash Pool)

6.3.1 Pledging

Payment shall be made into an account pledged to the Riksbank according to the regulations for the Scandinavian Cash Pool and the respective local payment systems established by the respective central banks (for pledging in SEK, see Annex S1). The central bank will inform the Riksbank that payment has been made, after which the Riksbank will raise the credit limit in RIX by an amount corresponding to the adjusted market value of the amount paid.

6.3.2 Returning pledged collateral

A Counterparty shall send a request for return of pledged collateral to the Riksbank in the form of a SWIFT message (MT 202) drawn up according to the regulations for Scandinavian Cash Pool established by the Riksbank (see Annex S1). The Riksbank will send a message to the foreign central bank to release the amount in foreign currency concerned, after the credit limit in RIX has been reduced by an amount corresponding to the adjusted market value of the amount requested.

6.4 Euro held with the Riksbank

6.4.1 Pledging

Payments shall be made to a pledged account with the Riksbank by paying into the Riksbank’s account number 5040040402 in Deutsche Bundesbank according to the Riksbank’s routines (see Annex S1). Deutsche Bundesbank will inform the Riksbank that payment has been made, after which the Riksbank will raise the credit limit in RIX by an amount corresponding to the adjusted market value of the amount paid.

6.4.2 Returning pledged collateral

A Counterparty shall send a request for return of pledged collateral to the Riksbank in the form of a SWIFT message (MT 202) drawn up according to the routines established by the Riksbank (see Annex S1). The Riksbank will send a message to Deutsche Bundesbank to

release the amount in foreign currency concerned, after the credit limit in RIX has been reduced by an amount corresponding to the adjusted market value of the amount requested.

6.5 Payment and repayment of other Credit than Intraday Credit

The Riksbank applies the principle of a collateral pool for each Counterparty. This means that the same assets (securities) comprise collateral for all Credits (see also Section 2.3 above). If foreign exchange transactions in the form of credit are given in accordance with D.4.3 in the Master Document, such credit will normally also make use of the collateral pool.

The effect of this is that the credit limit in RIX will be raised for all pledges as described in Sections 6.1-6.5 above. At the same time as credit in SEK is paid, the credit limit in RIX will be lowered. The payment is made as a system-generated transaction in RIX that the Counterparty can be notified of. When using the Standing Facility for lending (Master Document D.2), however, there will be no payment made; the existing Intraday Credit will be converted to make use of the Standing Facility for lending.

For a foreign exchange transaction in the form of credit, the credit limit in RIX will be lowered before the payment of the amount in the foreign currency is implemented (when the Riksbank instructs its foreign correspondent bank).

At the same time as credit in SEK is repaid, the credit limit in RIX will be raised. The repayment is made as a system-generated transaction in RIX that the Riksbank initiates and that the Counterparty can be notified of.

Immediately after the Riksbank is informed that a repayment of the foreign exchange transaction in the form of credit has been made, the credit limit in RIX will be raised.

6.6 Payment of maturities of pledged securities registered with Euroclear Sweden and interest payments concerning such securities

For securities registered in Euroclear Sweden that are pledged to the Riksbank, maturities of securities and interest payments are included in the calculation of the collateral value until the Riksbank is informed that payment has been made to the Riksbank. The amount is then paid to the Counterparty's account in RIX at the same time as the credit limit in RIX lowered by the same amount. The payment is made as a system-generated transaction in RIX that the Counterparty can be notified of.

7 Routines for repo transactions

7.1 On allocation

7.1.1 Applicable rules

- a. The adjusted market value of the securities is determined on the basis of a valuation made on the day prior to the commencement of the repo's duration. It is based on prices applying at the end of the banking day prior to the valuation day plus accrued interest up to and including the valuation day.
- b. The settlement amount of a security transaction included in a repo is set by the Counterparty. It should not exceed the adjusted market value of the collateral. The aggregate purchase price for all purchased securities (the total settlement amount) that a Counterparty offers in a repo transaction shall correspond to the amount allotted by the Riksbank. However, for practical and system-technical reasons (decimal rounding-off) a deviation of a maximum of +/- SEK 25 is accepted.

7.1.2 Handling

- a. On the day before bidding in a repo transaction, the Riksbank will acquire, by e-mail, the translated rates that will be used to calculate the adjusted market value.
- b. After the Riksbank has established the allocation of a repo, the Counterparty shall confirm to the Riksbank, by fax, no later than 1 p.m. on the same day, which securities will be supplied and their prices. Confirmation shall be made in accordance with Annex H7 of the Master Document (Form S.B2, Confirmation of a Repo). In doing so, the provisions in Section 3.2.1 shall be observed.
- c. The securities transactions shall then be registered in the VPC system as soon as possible, although no later than 3 p.m. on the day of the allocation, whereby delivery shall be made to the account in the Riksbank's name that the Riksbank has opened for repos with the respective Counterparty. The repurchase of the securities shall also be registered.
- d. The Riksbank will forward matched transactions to the VPC system after checking that the applicable regulations are fulfilled.
- e. A Counterparty shall actively endeavour to have the repo settled in its entirety in the first VPC system settlement round on the settlement day.

7.2 **On exchange**

7.2.1 Applicable rules

- a. A repo can be modified at any time during its time to maturity by the Riksbank returning equivalent securities against the Counterparty supplying other securities to the Riksbank.
- b. The adjusted market value for the new securities shall correspond to at least the adjusted market value of the returned securities.
- c. The net repo amount paid may not be changed.
- d. The settlement amount for each securities transaction may not exceed the adjusted market value of the security concerned.

7.2.2 Handling

- a. A party wishing to modify a repo through exchange shall contact the Riksbank.
- b. Exchanges shall be made by means of an agreement on two new repo transactions, whereby the Counterparty shall repurchase the securities it wishes returned with payment on the exchange day and at the same time resell these securities to the Riksbank with payment on the original repurchase day. At the same time, the Counterparty shall sell the new securities to the Riksbank with payment on the exchange day and repurchase them with payment on the original repurchase day. The net result of the payments shall always be zero.
- c. The counterparty shall confirm in writing which securities it wishes to have returned and which shall be supplied in exchange, as well as the prices of these transactions. Confirmation shall be made in accordance with Annex H7 of the Terms and Conditions (Form S.B2, Confirmation of a Repo). In doing so, the provisions in E.2.3.4 of the Master Document shall be observed.
- d. The securities transactions shall then be registered in the VPC system as soon as possible, whereby delivery shall be made to the account in the Riksbank's name that the

Riksbank has opened for repos with the respective Counterparty. The second stage of the transactions shall also be registered.

- e. The Riksbank will match the transactions in the VPC system after checking that the applicable regulations are fulfilled.
- f. A Counterparty shall actively endeavour to have the repo settled in its entirety in the first VPC system settlement round on the settlement day.

7.3 On repurchase

- a. A Counterparty shall actively endeavour to have the repo settled in its entirety in Euroclear Sweden's first settlement round on the settlement day.

Appendix 1 – Eligible links

- From Euroclear Bank, Belgium to the central securities depository at the National Bank of Belgium, Belgium
- From Euroclear Bank, Belgium to VP Securities, Denmark⁵
- From Euroclear Bank, Belgium to Euroclear Finland, Finland
- From Euroclear Bank, Belgium to Euroclear France, France
- From Euroclear Bank, Belgium to Monte Titoli, Italy
- From Euroclear Bank, Belgium to Clearstream Banking, Luxembourg
- From Euroclear Bank, Belgium to Euroclear Netherlands, Netherlands
- From Euroclear Bank, Belgium to Euroclear UK & Ireland, United Kingdom
- From Euroclear Bank, Belgium to Clearstream Frankfurt – Cascade, Germany
- From Euroclear Bank, Belgium to Oesterreichische Kontrollbank, Austria
- From VP Securities, Denmark to VP Lux, Luxembourg

⁵ Securities are also accepted as collateral if the issue has been registered with VP Lux, Luxembourg.

Appendix 2 – List of issuers regarded as agencies

- Agence française de développement, France
- Bpifrance Financement, France,
- Caisse d'amortissement de la dette sociale (CADES), France
- Caisse des dépôts et consignations, France
- Erste Abwicklungsanstalt (EAA), Germany
- European Financial Stability Facility (EFSF), Luxembourg
- Federal Home Loan Mortgage Corporation, USA
- Federal National Mortgage Association, USA
- FMS Wertmanagement (FMS_WM), Germany
- Fondo de Reestructuración Ordenada Bancaria (FROB), Spain
- Instituto de Crédito Oficial, Spain
- Kreditanstalt für Wiederaufbau, Germany
- Landeskreditbank Baden-Württemberg – Förderbank, Germany
- Landwirtschaftliche Rentenbank, Germany
- Nedeerlandsche Waterschapsbank N.V., the Netherlands
- NRW.Bank, Germany
- Union Nationale Interprofessionnelle pour l'Emploi dans l'Industrie et le Commerce (UNEDIC), France

The fact that an issuer is listed here does not mean that the securities it issues are automatically approved as collateral. The list only means that if a security issued by one of these issuers is approved as collateral, the security will be put in liquidity class 2.

Appendix 3 – Contacts

Questions regarding the approval of new securities

RIX Helpdesk, tel. +46-(0)8-787 05 99, collateral@riksbank.se

Applications regarding new securities

collateral@riksbank.se

Deliveries – exchanges

Back Office, tel. +46-(0)8-787 05 40, backofficegruppen@riksbank.se

Confirmations

Fax: +46-(0)8-24 77 11 or tel. +46-(0)8-24 62 16

Appendix 4 – List of separate appendices and forms

List of separate appendices

- S1 Message specifications
- S2 Eligible assets for credit (only available on the Riksbank's website)
- S3 Instructions for completing form S.B1, Application form for approval of securities as collateral for credit

List of forms

- S.B1 Application form for approval of securities as collateral for credit
- S.B2 Confirmation of a repo

