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Annex

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■ Amendments to the Terms and Conditions for RIX and Monetary Policy Instruments

1. Amendments to the Master Document

1.1 Point (b) in Section 1.1 (Eligible collateral) under Heading 1 Securities as collateral for credit under section E Conditions for Collateral, etc.

This amendment was presented in the consultative memorandum on 21 October 2015.

When compared to the proposal presented in the consultative memorandum, an editorial amendment has been included which has removed the last part of point (v). This does not entail any substantive change.

Current wording

(b) A debt instrument that meets the requirements in 1.1 (a) is not accepted as collateral by the Riksbank if the debt instrument:

(i) has been issued by the Counterparty or by a company with close links to the Counterparty (as defined in Annex H4 Collateral Instructions) *unless the security fulfils the special requirements stated in Annex H4 Collateral Instructions,*

(ii) has been issued or guaranteed by a Credit Institution, unless the security meets the special

Amended wording

(b) A debt instrument that meets the requirements in 1.1 (a) is not accepted as collateral by the Riksbank if the debt instrument:

(i) is issued by the Counterparty or by a company with close links to the Counterparty (for definitions, see Annex H4 Collateral Instructions),

(ii) has been issued or guaranteed by a Credit Institution, unless the security meets the special



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| <p>requirements stated in Annex H4 Collateral Instructions,</p> <p>(iii) is linked to equity (see Annex H4 Collateral Instructions),</p> <p>(iv) has subordinated payment rights (see Annex H4, Collateral Instructions), or</p> <p>(v) is an asset-backed security (ABS). However, this type of security can be accepted in accordance with the transition provisions described in Annex H4 Collateral Instructions.</p> | <p>requirements stated in Annex H4 Collateral Instructions,</p> <p>(iii) is linked to equity (see Annex H4 Collateral Instructions),</p> <p>(iv) has subordinated payment rights (see Annex H4, Collateral Instructions), or</p> <p>(v) is an asset-backed security (ABS).</p> |
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1.2 Point (c) in section 4.4 (Settlement of Intraday Credit) under heading 1 Intraday Credit in part C Conditions for transfers in RIX

This amendment has not been presented previously.

RIX participants that have utilised Intraday Credit which has been separately granted to facilitate securities settlement in Euroclear Sweden have a responsibility, in accordance with the current Terms and Conditions, to repay the Intraday Credit before 15.00. If this repayment is not made, a transfer of credit to RIX is carried out in line with a standard routine, together with any collateral accompanying the Credit. In order to avoid this transfer, the final point at which the repayment should be made has been set at 30 minutes earlier. It has also been clarified that it is the RIX participant's own responsibility to repay the credit.

Current wording

- (c) A RIX Participant, who has obtained Central Bank Credit is liable to repay the credit before 14.30.

Amended wording

- (c) A RIX Participant, who has obtained Central Bank Credit, is *itself* liable to repay the credit *no later than* 14.30.

1.2 Point (c) in section 4.5.1 (Failure to settle Intraday Credit) under heading 1 Intraday Credit in part C Conditions for transfers in RIX

This amendment has not been presented previously.

This amendment clarifies RIX participants' responsibility for what happens when Intraday Credit is not repaid in accordance with the specifications in point (c) in section 4.4 (Settlement of Intraday Credit). In the event that the collateral transferred to the Riksbank is not sufficient, for example if too much of the collateral following the transfer consists of covered bonds, the RIX participant must repay all or parts of the Intraday Credit or pledge additional collateral.

Current wording

- (c) Om en RIX-deltagare som erhållit CB-kredit inte återbetalat krediten i tid har Riksbanken rätt att överföra alla eller delar av de värdepapper som ställts som säkerhet enligt E.1.3.11 på RIX-deltagarens PVA till ett pantkonto vars innehåll RIX-deltagaren pantsatt som säkerhet för erhållna Intradagskrediter i RIX utan samband med värdepappersavveckling i Euroclear Sweden. Riksbanken har därutöver rätt att med säkerhet i den ställda panten, såsom Intradagskredit från Riksbanken överföra erforderligt belopp för reglering av RIX-deltagarens CB-kredit.

Amended wording

- (c) If a RIX Participant who has obtained Central Bank Credit has not repaid the credit in time, the Riksbank has the right to transfer all or parts of the securities pledged as collateral according to E.1.3.11 on the RIX Participant's Pledge Account for Settlement of Securities to a pledge account the content of which the RIX Participant has pledged as collateral for Intra-day Credit received without connection with securities settlement at Euroclear Sweden. In addition, the Riksbank has the right, with security interest in the pledged collateral, to transfer, by way of Intra-day Credit from the Riksbank, the requisite amounts for settlement of the RIX Participant's Central Bank Credit. *If the security interest in the collateral that is pledged to the Riksbank for the Intra-day Credit, which arises by way of the settlement, is not sufficient in accordance with these Terms and Conditions, the RIX Participant shall immediately repay the settled amounts or pledge additional collateral to the Riksbank. The Terms and Conditions also apply to such Intra-day Credit and*

the collateral.

2. Amendments to Annex H4

2.1 Point a. in section 2.1 (Collateral for Credit) under heading 2 Eligible collateral

This amendment was presented in the consultative memorandum on 21 October 2015.

Current wording

- 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, *with the exception of those covered by 3, must have a credit rating corresponding to at least A- to be accepted as collateral.*
 3. Securities issued by Credit Institutions or issued by the Counterparty itself or a company with close links to the Counterparty (that is, such securities covered by sections 2.1.1 a.-c. below) must have a credit rating corresponding to at least AA- to be accepted as collateral.
 4. 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.
 5. It is not possible to confirm the credit rating of a security through a possible guarantor's credit rating.

Amended wording

- 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 collateral.
 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 1 a.-c. below (issued by Credit Institutions), confirmation of only the issuer's credit rating is



6. For securities other than those covered by section 2.1.1 a.-c. below (issued by Credit Institutions *or issued by the Counterparty itself or by a company with close links to the Counterparty*), confirmation of only the issuer's credit rating is acceptable.
 7. If there are credit ratings published by more than one of the above 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.
- acceptable.
6. If there are credit ratings published by more than one of the above agencies, at least two of the credit ratings must meet the Riksbank's requirements for credit ratings.
 7. 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.

- 2.2 Point a. (Securities issued by the Counterparty itself or by a company with close links to the Counterparty ("own-name securities") in section 2.1.1 Further requirements etc. for specific security types) under heading 2 Eligible collateral

This amendment was presented in the consultative memorandum on 21 October 2015.

Current wording

- a. Securities issued by the Counterparty itself or by companies with which the Counterparty has close links ("own-name securities")

A company is considered to have close links if

1. *the Counterparty* directly, or indirectly through one or more of its ownership interests, owns at least 20% of the capital in the issuer,
2. the issuer directly, or indirectly through one or more of its ownership interests, owns at least 20% of the capital in the *Counterparty*, or
3. 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.
4. *Securities issued by the Counterparty or by companies with which the Counterparty has close links are only accepted if*
 - i. *the security has been guaranteed by a central government and assessed as having a credit rating that corresponds at least to the central government's credit rating, or*
 - ii. *the security is covered (see section 2.1.1 c below).*

Amended wording

- a. Securities issued by closely-linked issuers

An issuer is considered to have close links to *another entity (such as a Counterparty or another issuer)* if

1. *the other entity* directly, or indirectly through one or more of its ownership interests, owns at least 20% of the capital in the issuer,
2. the issuer directly, or indirectly through one or more of its ownership interests, owns at least 20% of the capital in the *other entity*, or
3. a third party owns more than 20% of the capital in *the other entity* and more than 20% of the capital in the issuer, either directly or indirectly, through one or more ownership interests.



■ 2.3 Section 2.1.3 (Credit accounts administrated by Euroclear Sweden) under heading 2 Eligible collateral

This amendment was presented in the consultative memorandum on 21 October 2015.

Current wording

Securities which according to section 3.3 below are included in group B are *not* accepted as collateral for CB Credit in accordance with the Master Document C.4.1 (c).

Amended wording

Securities which according to section 3.3 below are included in group B are accepted *without limitation of what is stated in section 3.3.2* as collateral for CB Credit in accordance with the Master Document C.4.1 (c).

■ 2.4 Section 3.3 (the Limit Rule) under heading 2 Valuation and risk management

This amendment was presented in the consultative memorandum on 21 October 2015.

Current wording

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 40 per cent of the Counterparty,s total adjusted market value ("collateral value").

Amended wording

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 60 per cent of the Counterparty,s total adjusted market value ("collateral value").

2.5 Point a. in section 3.3.1 (Collateral included in group A) under heading 3
Valuation and risk management

This amendment was presented in the consultative memorandum on 21 October 2015.

Note that the reference to the credit rating requirement in point a. below has been removed. This does not entail any substantive change because the credit rating requirement of at least AA- is already specified in section 2.1 which point a. refers to.

Current wording

- a. Securities that meet the requirements *reported above under 2.1 and 2.1.1 a.-b.* and also have a credit rating corresponding to at least AA- and comprise one of the following types are included in group A are not subjected to a concentration limit:
1. Securities issued by central governments, local governments or authorities abroad.
 2. Securities issued by international bodies.
 3. *Covered securities issued by Credit Institutions, 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 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.
 5. 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.

Amended wording

- a. Securities that meet the requirements *specified in sections 2.1 and 2.1.1 a.-b. but are not covered by 3.3.2 below* and comprise one of the following types are included in group A are not subjected to a concentration limit:
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.



2.6 Points a. and b. in section 3.3.2 (Collateral included in group B) under heading 3 Valuation and risk management

This amendment was presented in the consultative memorandum on 21 October 2015.

Current wording

Securities *that* meet the requirements described *above* in sections 2.1 and 2.1 a.-b. *and that comprise one of the following types* are included in group B and may not exceed, in total, 40 per cent of the total collateral value:

- a. *Securities issued by the Counterparty itself or a company with close links to the Counterparty and with credit ratings not below AA- and*
 1. *the security has been guaranteed by a central government or local government (kommun or landsting in Swedish) with unlimited powers of taxation and the security is assessed as having a credit rating that corresponds at least to the central government's credit rating, or*
 2. *the security is covered (see section 2.1.1 c above).*
- b. *Securities issued by companies that are not Credit Institutions and that have a credit rating below AA- but not below A-.*

Amended wording

- a. *Securities that are covered in accordance with section 2.1.1 c. and that otherwise meet the requirements described above under sections 2.1 and 2.1.1 a.-b. and that have a credit rating corresponding to at least AA- are included, subject to the provisions of point b. below, in group B and may not exceed, in total, 60 per cent of the total collateral value if such securities are issued by an entity other than the Counterparty itself or an entity with close links to the Counterparty.*
- b. *Maximum 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.*



2.7 Section 3.3 (Application of the limit rule) under heading 3 Valuation and risk management

This amendment was presented in the consultative memorandum on 21 October 2015.

Current wording

If the collateral value for the securities pledged by a Counterparty as collateral and which are included in group B exceed 40 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 40 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 2/3 of the collateral value of the securities included in group A.

Example: if the total value of group A is 100 and the total value of group B is 80, the value of group B will be reduced to 66.7 and the total value will be 166.7 (66.7 is 40% of 166.7).

Amended wording

If the collateral value for the securities pledged by a Counterparty as collateral and which are included in group B exceed 60 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 60 per cent of the total collateral value. This means that the collateral value for the securities included in group B can, subject to the provisions stated below, amount to a maximum of 150 per cent of the collateral value of the securities included in group A.

Example: if the total value of group A is 50 and the total value of group B is 100, the value of group B, subject to the provisions stated below, will be reduced to 75 and the total value will be 125 (75 is 60 per cent of 125).

In addition, it shall apply that if more than 50 per cent of the share of a Counterparty's total collateral value composed of securities in group B are issued by the same issuer or issuers who are closely linked, the collateral value is reduced for the securities included in group B so that (i) it only amounts as stated above to 60 per cent of the total collateral value and (ii) that 50 per cent of this share does not include securities that are issued by the same issuer or issuers who are closely linked. All in all, this means that more than 50 per cent of the collateral value for the securities included in group B may be issued by the same issuer or issuers who are closely linked, and in addition to this the collateral value for these securities can amount to a maximum of 150 per cent of the collateral value of the securities

included in group A.

Example: If the total value for group A is 50 and the total value for group B is 100, of which 70 have been issued by one issuer, and the other 30 have been issued in equal parts by two other issuers, the value for group B will be reduced by 60, of which 30 is composed of securities issued by one issuer, and the other 30 by two other issuers. The total value amounts to 110. The calculation is based on the fact that 60 does not exceed 60 per cent of 110 and that 30 is 50 per cent of 60.

Note that if all securities in group B had been issued by the same issuer, then the collateral value of these securities would have been 0, and the total collateral value in the current example would have been 50, consisting only of securities included in group A.

2.8 Section 6.1.5 (Repayment of central bank credit administered by Euroclear Sweden) under heading 6 Routines for pledging collateral for Credit

This amendment has not been presented previously.

This provision specifies what happens if a RIX participant has not repaid the Intraday Credit in line with the specifications in point (c) in section 4.4 (Settlement of Intraday Credit) and thereby complements the provision regarding RIX participants' responsibility in accordance with point (c) in section 4.5.1. (Failure to settle Intraday Credit). The provision specifies that Intraday Credit can be repaid via a system-generated transaction or, if the collateral transferred to RIX after 15.00 is not sufficient to cover the amount that should be used to make the repayment, via a manual routine at the Riksbank. In each such case, the RIX participant shall repay the Credit in RIX or pledge additional collateral.

Current wording

Amended wording

6.1.5 Repayment of central bank credit administered by Euroclear Sweden

Repayment shall be made by the time specified in the Master Document C.4.4(c). If repayment has not been made by 15.00, the security will automatically be transferred from the collateral account for Central Bank Credit to the pledge account for credit at the Riksbank used by the Counterparty. Once the transfer has been carried out, the total adjusted market value (the collateral value) of all securities pledged by the Counterparty as collateral to the Riksbank in accordance with these Terms and Conditions will be recalculated, and information about new credit limits in RIX will be sent to RIX. RIX will simultaneously be instructed to repay the Central Bank Credit via a system-generated transaction. If the repayment and limit update cannot be carried out as a result of the automatically transferred securities being valued differently as collateral for central bank credit and as collateral for Intraday credit at the Riksbank, the Riksbank will take measures to ensure the Central Bank Credit is repaid. It is the responsibility of the Counterparty to immediately provide additional collateral or fully or partially repay the Intraday credit in RIX (see Master Document C.4.5.1(c)).

2.9 Transitional provisions in Appendix 5 to Annex H4

This amendment was presented in the consultative memorandum on 21 October 2015.

Note that the planned effective date has been stated in accordance with the transitional provisions below, with the proviso that the Riksbank is entitled to give notice of another date 30 calendar days before each such planned effective date at the latest. Also note that the transitional provisions now have a different editorial wording compared to the proposal presented in the consultative memorandum. There is no substantive change to the content, however.

Current wording

Amended wording

Appendix 5 – Transitional provisions

- a. No part of section 3.3 applies during the period up to and including 31 May 2016, unless the Riksbank has given notice of another date no later than 30 calendar days prior to 31 May 2016.*
- b. Point b. in section 3.3.2 does not apply during the period up to and including 30 September 2016, unless the Riksbank has given notice of another date no later than 30 calendar days prior to 30 September 2016.*
- c. For the period from 31 May 2016 (or such other date as notified by the Riksbank pursuant to point a. above), up to and including 30 September 2016 (or such other date as notified by the Riksbank pursuant to point b. above), section 3.3.2 a. shall apply, without reservation as to point b. in the same section, for securities included in group B according to section 3.3.2.*
- d. Without prejudice to points (a)-(d) above, section 3.3.2. shall be deemed to apply when interpreting section 2.2 c.*

