



PRESS RELEASE

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CONTACT: Press Office, tel. +46 8-787 02 00

SVERIGES RIKSBANK
SE-103 37 Stockholm
(Brunkebergstorg 11)

Tel +46 8 787 00 00
Fax +46 8 21 05 31
registratorn@riksbank.se
www.riksbank.se

■ Proposal for amended terms and conditions for collateral for credit at the Riksbank

In a referral, the Riksbank proposes amended terms and conditions for collateral for loans at the Riksbank. The amended terms and conditions, which, to a certain extent, are a return to the provisions that applied before the financial crisis, are aimed at reducing the Riksbank's credit risk and deemed not to affect the conditions for pursuing monetary policy.

Under certain circumstances, the Riksbank lends money to banks and certain other participants on the financial markets. To limit the risk of making losses on these loans, the Riksbank requires the party borrowing the money to pledge high quality collateral. The Riksbank strives for a credit risk that is as low as possible in order to protect the taxpayer from losses.

The proposed amendments to the terms and conditions are to a certain extent a return to the provisions that applied before the outbreak of the financial crisis in 2007.

The Riksbank proposes four amendments to the terms and conditions for collateral for loans at the Riksbank:

- The requirement for the lowest credit rating for securities to be accepted as collateral to be raised from the current A- to AA-.
- Covered bonds issued by the counterparty itself shall no longer be accepted as collateral.
- A concentration limit to be introduced pursuant to which covered bonds as a share of a counterparty's total collateral may amount to a maximum of 60 per cent.
- A concentration limit to be introduced pursuant to which a maximum of 50 per cent of the share of a counterparty's collateral value that is composed of covered bonds may consist of covered bonds from the same issuer.



■ Stricter terms and conditions for covered bonds as collateral for loans at the Riksbank may lead to the banks using different types of collateral for their loans to a greater extent than is currently the case. This is expected to lead to a reduction in the Riksbank's credit risk.

It is the Riksbank's assessment that the proposed amendments will affect neither the efficiency of the payment system to any great degree nor the conditions for pursuing monetary policy.

The amended terms and conditions are proposed to be introduced stepwise in 2016.

The consultative proposal has now been sent to a number of referral bodies. The final response date is 20 November 2015.