



The Riksbank's counterparties

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Changes in collateral requirements for credits in RIX and monetary policy instruments

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The Riksbank has decided on 13 December 2007 on changes in collateral requirements for credits in RIX and monetary policy instruments. The changes have been incorporated into the Rules and Regulations for RIX and monetary policy instruments (the RIX regulations) and into the Riksbank's guidelines for collateral management (the Guidelines). The changes will come into force on 28 December 2007.

The changes involve the following:

1. Asset-backed securities (RIX regulations E 1.1(b) (iv)-(vi) and the Guidelines 2.1 (h))

A clarification of the current ban on subordination meaning that the Riksbank accepts asset-backed securities in structured issues with most seniority (capital and interest) relative to other tranches in the same issue after delivery of an enforcement notice as set out in the offering circular. The Riksbank therefore accepts only the most senior category/tranche.

In addition, it is necessary that the securitisation entails an actual sale and that it is not credit derivative-related.

With regard to asset-backed securities issued in EUR, the Riksbank will only accept securities included in the ECB's list of securities approved by the Eurosystem.

The changes correspond to the Eurosystem's regulations and the practice already applied by the Riksbank.

2. Securities issued by Swedish banks and foreign credit institutions (RIX regulations E 1.1 (b) (ii) and E 1.1 (c) and the Guidelines 3.1.3)

With effect from 28 December 2007, the Riksbank will accept as collateral securities issued by a bank or corresponding foreign credit institution that is not domiciled in the same country as the counterparty. A limit will be introduced for the collateral value (the adjusted market value) from a single issuer or group of closely linked issuers. The limit has been set at 25 per cent of the collateral value of all of the counterparty's collateral. The limit does not apply if the total collateral value is less than SEK 250 million.

■ 3. Credit in EUR as collateral (RIX regulations E 3.1.2)

The requirement for special reasons for pledging credit in EUR as collateral will be withdrawn. This change corresponds to the practice currently applied by the Riksbank.

4. Covered bonds (RIX regulations E 1.1 (c)-(e) and the Guidelines 3.1.2 (d), 3.1.3 and 6.1.1)

The Riksbank allows with regard to covered bonds an exception from the ban on securities issued by Swedish banks or foreign credit institutions domiciled in the same country as the counterparty. This change means, for instance, that covered bonds originally issued by SEB Bolån AB, now SEB, will continue to be accepted.

In addition, the Riksbank allows an exception for covered bonds from the ban on securities issued by the counterparty or by an institution with close links to the counterparty. An extra haircut is applied with regard to these securities. The size of this haircut is stipulated in the Guidelines 3.1.2 (d). For the time being a special routine will apply for pledging covered bonds issued by the counterparty or by an institution with close links to the counterparty. This means that a special pledge account shall be used, which in turn requires a special grant of pledge. A counterparty who intends to use this type of security must contact the Riksbank immediately.

In addition, with regard to secured bonds for which an exception as above is applied, a limit in the collateral value (the adjusted market value) from a single issuer or group of closely-related issuers is introduced. The limit has been set at 25 per cent of the collateral value of all of the counterparty's collateral. The limit does not apply if the total collateral value is less than SEK 250 million.

5. Legal opinion in certain cases (the Guidelines 4.2)

The Riksbank has the right to request that the counterparty at its own cost supplies a legal opinion regarding the conditions for a security the counterparty wishes to use as collateral.

If you have any questions regarding the practical implementation as a result of the above changes, please contact Monica Rönnerdahl, telephone +46-(0)8-787 04 16, monica.ronnerdahl@riksbank.se.

Yours sincerely,

Jan Schüllerqvist
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Enc.: Rules and Regulations for RIX and monetary policy instruments
The Riksbank's Guidelines for collateral management.