

Ms Gertrude Tumpel-Gugerell
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Response on the settlement of transactions denominated in Swedish kronor in
TARGET2 Securities.

20 March 2009

Dear Ms Tumpel-Gugerell,

I refer to the discussions on the TARGET2 Securities (T2S) project following your letter to the Central Securities Depositories in May 2008.

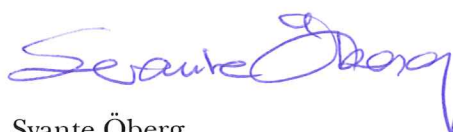
The Executive Board of Sveriges Riksbank has decided it would be prepared to start negotiations with the Eurosystem, aiming at reaching an agreement by which the Riksbank outsources the management of Riksbank accounts for the settlement of securities transactions and intra-day credit in T2S to the T2S Operator / the Eurosystem. This decision was taken following a request from the Swedish Bankers' Association, which represents the potential Swedish users of T2S. The Executive Board noted that the Swedish market has not made a definitive decision about using T2S due to uncertainties about the pricing, governance and operations of the system.

In making this decision, the Executive Board reiterated that it considers a smooth functioning securities settlement system with a smooth interaction between the payment system and the securities settlement system to be essential to financial stability. The Executive Board also emphasised that the ability to use the securities settlement system as necessary for monetary policy operations is also vital for a central bank. Thus, any agreement reached with the Eurosystem must safeguard these policy concerns. Some elements of the agreement which are necessary include rules and routines which support the smooth interaction between T2S and non-euro payment systems, coordinated crisis management routines and ability to request extra services to handle disturbances in non-euro markets.

From an operational perspective, the Riksbank must maintain ultimate control over its accounts and be able to provide robust services. Furthermore, it should not suffer an undue increase in its risk. At a minimum, the agreement must provide for a clear division of responsibilities, contingency routines to be tailored to outsourced central bank accounts, rights to audit the management of our accounts and a confirmation that the T2S operator will take full liability for any losses incurred as a result of the outsourcing. For all of these issues, the Riksbank will need assurance that it can influence both system changes and operations to ensure that these considerations are fully met going forward.

We firmly believe that it should be possible to reach an agreement that is satisfactory to all parties. The Riksbank's contact person is Mr. Jan Schüllerqvist, Advisor to the Executive Board and the Riksbank's representative in the T2S Advisory Group.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Svante Öberg".

Svante Öberg

Copy Mr. Jean-Michel Godeffroy, Director General, Payments & Market
Infrastructure, European Central Bank, Frankfurt, Germany
The Swedish Bankers' Association, Stockholm, Sweden