

# Press Release

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## USD and DEM accounts in the Riksbank to be opened for the National Debt Office as of 14th April 1997

In order to reduce transaction costs in connection with borrowing in foreign currency, the National Debt Office and the Riksbank have jointly decided that USD and DEM accounts in the Riksbank are to be opened for the use of the National Debt Office.

A substantial proportion of foreign currency borrowing by the National Debt Office is undertaken to refinance maturing foreign currency loans. The practice up to now has been for the Debt Office to exchange borrowed currency immediately for Swedish kronor in the Riksbank, even if the currency is intended for subsequent repayment of maturing loans. This has resulted in short-run and undesired fluctuations in the composition of the Debt Office's foreign currency holdings. The introduction of foreign currency accounts means that the Debt Office will have less need to make hedging transactions and can thereby cut its costs substantially.

The foreign currency accounts are to be used solely for borrowing and repayment under what is known as the commercial paper programmes. Upper and lower limits have been imposed on the account balances. The maximum balance for the USD account is set at USD 1,500 million and for the DEM account it is set at DEM 500 million. The minimum balance in both cases is zero. In the event of borrowing or repayment exceeding these limits, exchange in the Riksbank is to be done exactly as at present. The handling of other currencies is to be unchanged, that is, they are to be exchanged immediately for kronor in the Riksbank.

In the balance sheets of the National Debt Office and the Riksbank the foreign currency accounts will be included in existing items. For the Debt Office, the foreign currency accounts will be booked under assets in the item "Cash" and under liabilities as previously in the item "Central Government debt in foreign currency". For the Riksbank the foreign currency accounts will be included in "Other foreign liabilities" and, on the asset side, in "Banks and securities in foreign currencies". Transactions on the foreign currency accounts will not affect the flow of foreign exchange.

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