

DECISION

DATE 2008-10-20
DEPARTMENTS: APP/MAO



SVERIGES RIKSBANK
SE-103 37 Stockholm
(Brunkebergstorg 11)

Tel +46 8 787 00 00
Fax +46 8 21 05 31
registratorn@riksbank.se
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Programme for SEK credit against collateral

Background

In order to facilitate the access of Swedish banks to loans at longer maturities, during October the Riksbank has provided special SEK and USD credit. As of 20 October 2008, the Riksbank has advanced the equivalent of approximately SEK 300 billion. Of this sum, SEK180 billion has been lent to the Riksbank's monetary policy counterparties and approximately SEK 120 billion (or more precisely USD 17 billion) to the Riksbank's primary monetary policy counterparties. All the loans have been provided against collateral and at interest rates above the current policy rates. The Riksbank will continue with these measures until the Swedish financial markets function satisfactorily.

By announcing in advance the dates at which it will provide loans in the period ahead, the Riksbank will create predictability and thus better possibilities for the banks to plan their liquidity supply.

The Riksbank may re-consider the structure of the programme or the terms if circumstances make this appropriate.

Proposed decision

It is proposed that the Executive Board decide that

1. The Riksbank shall offer SEK loans to the Riksbank's monetary policy counterparties approximately every other Monday from 10 November 2008 in accordance with the schedule presented in Table 1. The loans shall be offered in an auction process. The loans shall have a time to maturity of 91 days.
2. The interest rate for these loans shall, unless otherwise decided by the Executive Board, be set at not less than the current repo rate with a supplement of 0.25 percentage points.
3. Ahead of each auction, the maximum sum offered in the auction shall be decided and shall be announced at least two days before each auction. The amount shall be set by the Head of the Monetary Policy Department following consultation with the Head of the Financial Stability Department and taking into account the prevailing market conditions and the outcome of previous auctions.
4. The Head of the Monetary Policy Department is given the task of determining the more detailed terms for the loans.

Table 1. Dates for planned auctions for SEK loans.

Submission date	Payment date:	Maturity date:	Replaces previous loan?
10 November 2008	12 November 2008	11 February	No
24 November 2008	26 November 2008	25 February 2009	No
8 December 2008	10 December 2008	11 March 2009	No
19 December 2008	23 December 2008	29 March 2009	No
5 January 2009	8 January 2009	9 April 2009	Yes
16 January 2009	20 January 2009	21 April 2009	Yes
26 January 2009	28 January 2009	29 April 2009	Yes
9 February 2009	11 February 2009	13 May 2009	Yes
23 February 2009	25 February 2009	27 May 2009	Yes

N.B. The Riksbank may alter the date of auctions if circumstances make this appropriate. Any changes will be announced in good time.