



INFORMATION FOR THE RIKSBANK'S RESTRICTED MONETARY POLICY COUNTERPARTIES

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This information has been compiled to assist institutions considering application to become Restricted Monetary Policy Counterparties to understand what is required of Restricted Monetary Policy Counterparties. This information does not comprise a formal contract content.

Counterparties included

1. Institutions that are credit institutions with a registered office in Sweden and which meet the requirements stipulate in the Terms and Conditions for RIX and Monetary Policy Instruments (the Terms and Conditions) and whose application to the Riksbank to become a Restricted Monetary Policy Counterparty has been approved by the Riksbank and who has signed an Accession Agreement.
2. Credit Institution here corresponds to the definition in Article 1.1 of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions: a company whose operations involve receiving deposits or other repayable funds from the public and granting credits for their own account.
3. Securities Companies that have a special permit to (i) receive customers' funds in accounts and (ii) grant credit for the implementation of transactions in financial instruments are considered to be Credit Institutions according to the Terms and Conditions.

Terms and Conditions

4. For Restricted Monetary Policy Counterparties the Terms and Conditions for RIX and Monetary Policy Instruments (the Terms and Conditions) will apply, see the Riksbank's website, <http://www.riksbank.com/templates/Page.aspx?id=26683>. Information about Restricted Monetary Policy Counterparties is also available on page <http://www.riksbank.com/templates/Page.aspx?id=31336>.
5. The change in the Terms and Conditions that introduces the counterparty category Restricted Monetary Policy Counterparties comes into force on 7 May 2009, but applications to become a Restrict Monetary Policy Counterparty may be made prior to this.
6. The requirements for becoming a Restricted Monetary are stated in B. 3.2.1 in combination with D. 1.3 (a).
7. It should be noted that the Riksbank has the right according to B. 7.2 to give notice of termination of all Restricted Monetary Policy Counterparties' Accession Agreements.
8. Chapter C is not applicable.
9. In Chapter D, section D 1.3 should be noted in particular, where it states that a Restricted Monetary Policy Counterparty can only be a counterparty in the Open

Market Operations on which the Riksbank has taken a special decision (compare with point 19 below).

10. It should be noted that section D. 2.1 states that a Restricted Monetary Policy Counterparty does not have access to the Standing Facilities.
11. Section D. 3.3.1 (b) contains special conditions with regard to how payment of loans to and repayment of loans by Restricted Monetary Policy Counterparties shall be made, compare points 0-26 below. It should also be noted that procedures may apply for special facilities that deviate from what is stated in D. 3. The procedures applied are stated in the General Conditions for the respective facility and where appropriate also in special Instructions.
12. D. 5 contains conditions for charges for Restricted Monetary Policy Counterparties, compare with points 20-24 below.
13. Chapter E contains conditions regarding collateral, etc., compare points 28-41 below.
14. With regard to the annexes to the Terms and Conditions, the following apply to Restricted Monetary Policy Counterparties:
 - Annex H1 contains all definitions
 - Annex H2:1, Accession Agreement for Restricted Monetary Policy Counterparties is applicable instead of Annex H2.
 - Annex H3 and Annexes A1-A13 are not applicable.
 - Annex H4, Instructions for Collateral and annexes S1-S8 are applicable, compare with points 28-41 below.
 - Annex H5:1, Grant of Pledge for Restricted Monetary Policy Counterparties is applicable instead of Annex H5.
 - Annex H6 gives an account of the Riksbank's monetary policy instruments, but taking into account that the Restricted Monetary Policy Counterparties only have access to the specific instruments on which the Riksbank decides, it may be have limited interest.
 - Annex H7 is not applicable at present.
 - Annex H8 is not applicable.
15. In addition to the Terms and Conditions, General conditions and Special conditions apply to the facilities in which a Restricted Monetary Policy Counterparty can participate (see also points 54).

Application

16. An Application to become a Restricted Monetary Policy Counterparty to the Riksbank must be made in accordance with the stipulations in the Terms and Conditions and in Annex H9, Counterparty Application Instruction, to the Terms and Conditions (<http://www.riksbank.com/templates/Page.aspx?id=26682>), especially sections A1 and A5.
17. In addition to the documents described in Annex H9, the application shall also include a completed form B.B1.

18. The Riksbank's aim is to process the applications as quickly as possible. However, this requires that the application contains all of the information stated in Annex H9:1. The Riksbank is nevertheless unable to specify a guaranteed time for this process.

Facilities that are available to Restricted Monetary Policy Counterparties

19. A Restricted Monetary Policy Counterparty can
- Participate in the Riksbank's programme of loans in SEK at a variable interest rate (with the collateral specified as eligible assets for credit in RIX), see the Riksbank's website, <http://www.riksbank.com/templates/ItemList.aspx?id=30033>, and the instructions in this document (points 42-49).
 - Participate in the Riksbank's programme for loans in SEK at a variable interest rate and with Commercial Paper as collateral, see the Riksbank's website, <http://www.riksbank.com/templates/ItemList.aspx?id=30614>, where there are also special instructions,
 - Receive SEK loans at a fixed interest rate for which bids must be submitted on 14 September 2009 and
 - purchase Riksbank Certificates, see the Riksbank's website, <http://www.riksbank.com/templates/Page.aspx?id=31373>.

Charges

20. The Riksbank will invoice an entry fee of SEK 50,000 in connection with the Riksbank approving an application to become a Restricted Monetary Policy Counterparty.
21. The Riksbank will invoice a monthly fee of SEK 45,000, of which SEK 10,000 is a fee for collateral administration, on the last bank day of each month.
22. Invoicing as described in point 21 above will begin in the month during which the payment date for the first auction in which the Counterparty is entitled to participate falls.
23. If the Counterparty's status as Restricted Monetary Policy Counterparty ceases, invoicing in accordance with point 21 will occur for the last time on the last bank day of the month in which the Counterparty's status as Restricted Monetary Policy Counterparty ceases.
24. The invoiced fees must be paid no later than the last bank day of the month after the month the fee refers to.

Administration of payments

25. The Counterparty must include with its application to become a Restricted Monetary Policy Counterparty a completed B.B1 form for Payment and Collateral administration for Restricted Monetary Policy Counterparties. The instructions for completing the form are contained in Annex 1 to Annex H9 Instructions for Application to become a Restricted Monetary Policy Counterparty, to the Terms and Conditions.

- 26. This form should state how the Riksbank shall make payments to the Counterparty. A change in these payment instructions can only be made in writing by an authorised representative of the Counterparty.
- 27. Payments to the Riksbank must be made in RIX, stating RIKSSESS as recipient and stating the Counterparty in field 52A (MT202) or 50A (MT103).

Administration of collateral

General

- 28. When the application has been approved the Riksbank will open a pledge account with Euroclear Sweden regarding the PM part of the VPC system.
- 29. The Riksbank will draw up a grant of pledge regarding this account which will be sent to the Counterparty for signature.
- 30. The Counterparty must include with its application to become a Restricted Monetary Policy Counterparty a completed B.B1 form for Payment and Collateral administration for Restricted Monetary Policy Counterparties. The instructions for completing the form are contained on the back of the form.
- 31. The form should indicate who will be making transfers of collateral in the VPC system on behalf of the Counterparty. Such transfers can only be made by the Counterparty itself or by a representative/custodial bank.
- 32. If the Counterparty wishes to use other arrangements for collateral than pledge accounts with Euroclear Sweden, the Counterparty must contact backofficegruppen@riksbank.se.

Eligible assets and evaluation of these

- 33. The Riksbank generally accepts market-listed promissory notes (certificates and bonds, etc.) issued by governments, local governments, credit institutions and other companies, and where the issuer has an external credit rating of at least A-/A3. However, there are some restrictions for certain securities.
- 34. The more detailed requirements the Riksbank makes regarding such collateral are shown in section E of the Master Document of the Conditions for RIX and Monetary Policy Instruments (see the Riksbank's website <http://www.riksbank.se/templates/Page.aspx?id=26471>) and the Instructions for Collateral, Annex H4 to the Conditions for RIX and Monetary Policy Instruments (see the Riksbank's website, <http://www.riksbank.se/templates/Page.aspx?id=26472>).
- 35. The securities generally approved by the Riksbank for these different credit facilities are listed on the Riksbank's website, <http://www.riksbank.se/templates/Page.aspx?id=26508>.
- 36. The Riksbank evaluates the collateral on the basis of the market price the Riksbank has information of, or if there is no such price, according to a market price calculated by the Riksbank. A haircut is made from this market price, the size of which depends on liquidity, pricing frequency and maturity. Information on haircuts can be obtained from section 3.1 of the Instructions for Collateral (see web address under point 34).

Collateral transactions

- 37. Transfers of collateral to the Riksbank are made through the registration of a sale transaction regarding real-time gross settlement (transaction code BTSA), where the recipient account (ID-VP-ACCOUNT-TO or field E :97A::SAFE// in MT542) must be the pledge account the Riksbank has opened for the Counterparty.
- 38. If it is not the Counterparty itself making the registration, the Riksbank must be notified in advance (by fax +46-8-24 77 11 or e-mail to backofficegruppen@riksbank.se) regarding which securities will be transferred. The Riksbank will not process registrations that have not been notified.
- 39. A request regarding returning collateral is made through the registration of a purchase settlement in real time (transaction code BTKO), where the supplying account (ID-VP-ACCOUNT-FROM or field E :97A::SAFE// in MT542) must be the pledge account the Riksbank has opened for the Counterparty.
- 40. If it is not the Counterparty itself making the registration, the Riksbank must be notified in advance (by fax +46-8-24 77 11 or e-mail to backofficegruppen@riksbank.se) regarding which securities are requested to be returned. The Riksbank will not process registrations that have not been notified.
- 41. A request to return collateral will not be accepted unless the remaining collateral value (the market value minus haircut) amounts to at least the value (the amount paid out plus accrued interest) of the outstanding credit.

The Riksbank's programme for loans in SEK

Registering for the programme

- 42. A counterparty must register for participation in the programme on the form Registration for participation in the Riksbank's programme for credit in SEK at a variable interest rate ([Annex 1](#) to the Conditions for SEK loans at variable interest). The registration must be sent to the Riksbank, the Division for Market Analysis and Operations (fax +46-8-787 01 69).
- 43. The registration should reach the Riksbank no later than 10 a.m. on the auction day of the first auction in which the Counterparty participates.

Auction procedure

- 44. The conditions for the auction are presented in Saxess/OMFIE page RIKO.
- 45. Bids submitted by telephone must be confirmed by fax +46-8-787 01 69, no later than 15 minutes after the end of the bid submission period.
- 46. Allocations are announced in Saxess/OMFIE page RIKP.

Delivery of collateral

- 47. Securities that are to be used as collateral must be delivered to the pledge account opened (see points 28-29) no later than 11 a.m. on the payment day. Delivery must be made in the manner described in points 37-38.

Replacement of collateral

- 48. The borrower has the right to replace collateral during the lifetime of the loan. The borrower must inform the Riksbank in advance about the collateral that will be provided and the collateral that the borrower wishes to withdraw. The total value of

the collateral after the exchange must at least equal the amount of the loan plus interest for the entire duration of the loan. See also points 37-41.

49. To avoid administration of payments regarding securities that mature, securities that mature during the duration of the loan must be replaced by other securities no later than the bank day prior to the payment day. The conditions stated in point 48 apply to such an exchange.

Documentation

50. The following documents generally apply to Restricted Monetary Policy Counterparties:

- The Conditions for RIX and Monetary Policy Instruments (The Conditions) plus annexes (see also point 14)
- Form B.B1, administration of payments and collateral for Restricted Monetary Policy Counterparties
- Grant of Pledge
- The following documents apply to the Riksbank's programme for credit in SEK at a variable interest rate:
 - General terms for the Riksbank's programme for credit in SEK with a variable interest rate (General Terms Variable Credit)
 - Annex 1 to the General Terms Variable Credit, Registration of participation in the Riksbank's programme for credit in SEK with a variable interest rate
 - Summary terms for credit in SEK with a variable interest rate (regarding a particular bid submission day).
 - Specific terms for credit in SEK with a variable interest rate (regarding a particular bid submission day).

51. The following documents apply to the Riksbank's programme for credit in SEK at a variable interest rate with commercial paper as collateral:

- General terms for the Riksbank's programme for credit in SEK with a variable interest rate with commercial paper as collateral (General Terms Variable CP Credit)
- Annex A to the General Terms Variable CP Credit,
- Annex 1 to the General Terms Variable Credit, Registration of participation in the Riksbank's programme for credit in SEK with a variable interest rate with commercial paper as collateral
- Annex 2 to the General Terms Variable CP Credit, Grant of Pledge
- Annex 3 to the General Terms Variable CP Credit, Registration of CP programmes for the Riksbank's programme for SEK credit with commercial paper as collateral.
- Specific terms for credit in SEK with a variable interest rate with commercial paper as collateral (regarding a particular bid submission day)
- Summary auction terms for credit in SEK with a variable interest rate with commercial paper as collateral (regarding a particular bid submission day)

52. The following documents apply for the Riksbank's issues of Riksbank Certificates:

- General loan terms for Riksbank Certificates
- Terms for the sale of Riksbank Certificates (sale terms)
- Issue terms regarding certain bid submission days only published in Saxess/OMFIE page RIKD.

53. Current versions of the documents are published on the Riksbank's website.

Queries

54. Questions regarding Restricted Monetary Policy Counterparties in general can be put to

- Jan Schüllerqvist, tel. +46-8-787 04 79, jan.schullerqvist@riksbank.se

55. Questions regarding application to become a Restricted Monetary Policy Counterparty can be put to

- Eva Carlsson-Rönnehed, tel. +46-8-787 04 81, eva.carlsson-ronnehed@riksbank.se
- Jan Schüllerqvist, tel. +46-8-787 04 79, jan.schullerqvist@riksbank.se

56. Questions regarding the credit programmes can be put to the Riksbank as follows:

- Concerning auction procedures – Riksbank/Market Analysis and Operations Division (tel. +46-8-696 69 70)
- Concerning delivery and replacement of collateral as well as payments and repayments - Riksbank/Backoffice (tel. +46-8-787 05 90, e-mail backofficegruppen@riksbank.se)

3 September 2009