

# ANNEX A TO GENERAL TERMS FOR THE RIKSBANK'S PROGRAMME FOR SEK CREDIT WITH A VARIABLE INTEREST RATE WITH COLLATERAL IN COMMERCIAL PAPER



## ■ Terms for collateral in the Riksbank's programme for SEK credit with a variable interest rate with collateral in commercial paper

These terms apply as of 7 May 2009.

### Collateral

1. Commercial paper (CP), certificates of indebtedness without interest, issued after 1 October 2008 and denominated in SEK with a remaining maturity of not less than 30 days and not more than 360 days on the date when loan is paid out.
2. To be eligible for the programme a CP programme shall be issued by a non-financial limited company registered in Sweden or by a financial company registered in Sweden that is included in and accountable for funding for a non-financial group.
3. Moreover, to be eligible for the programme a CP programme shall have a creditworthiness that is assessed as being at least equivalent to the requirements for the credit rating A-2 or K-1 from Standard and Poor's, P-2 from Moody's Investors Service or F2 from Fitch Ratings. Where relevant, the terms for a CP programme can apply instead to a combination of the issuer of the programme and a guarantor.
4. To be eligible as collateral, commercial paper shall be held in an account with the Central Securities Depository (VPC).
5. Commercial paper that is accepted as collateral shall be repayable with the nominal amount on the maturity date.
6. Commercial paper must not fall due in the period in which it constitutes loan collateral.

### Registration of collateral

7. For a CP programme to be acceptable as collateral for loans that are provided after a particular auction, the programme shall be registered by the counterparty prior to the auction.
8. In conjunction with registration in accordance with item 7 the counterparty shall also confirm that the CP programme complies with the Riksbank's terms, including the creditworthiness requirement. Registration is done on the relevant form (see [Annex 3](#)).
9. If the counterparty assesses that a registered CP programme no longer complies with the creditworthiness requirement, the counterparty shall inform the Riksbank about this without delay.

10. In the case of a CP programme or issuer that does not have an external credit rating, confirmation that the creditworthiness requirement is met can be provided only by a counterparty that the competent supervisory authority has authorised to implement the Internal method in accordance with Directive 2006/48/EG.
11. The Riksbank has the right to request information that demonstrates that the counterparty's internal assessment of the creditworthiness meets the Riksbank's creditworthiness requirements.
12. The Riksbank reserves the right not to accept a registered CP programme if the Riksbank considers that special reasons for this exist.

### **Valuation and haircut**

13. To calculate the value of collateral the Riksbank starts from an officially published price, if any, provided such a price is considered to represent the price in an actual trade of paper with this maturity and that this price is available to the Riksbank via price quoters the Riksbank uses. In the absence of such a price the Riksbank will make a standardised valuation in which the aspects considered include liquidity and creditworthiness.
14. The value determined as above will be adjusted with a haircut.
  - For CP or a CP issuer with an external credit rating of A-1 from Standard & Poor's, P-1 from Moody's Investors Service, or F1 from Fitch Ratings, the haircut is 5 per cent.
  - For CP or a CP issuer with an external credit rating of A-2 from Standard & Poor's, P-2 from Moody's Investors Service or F2 from Fitch Ratings, the haircut is 10 per cent.
  - For CP or a CP issuer without such an external credit rating the haircut is 15 per cent.

### **Value of collateral and additional collateral**

15. The value of collateral is the amount of the valuation less the haircut and shall cover the sum of the outstanding amount of loans under the programme together with accrued interest calculated from and including each payment date.
16. If the value of collateral is less than the stated amount the Riksbank has the right to require additional collateral that complies with the requirements in items 1–6. If such collateral is not provided within 4 hours the Riksbank, pending the provision of additional collateral, has the right, with regard to Monetary Policy Counterparties participating in RIX, to reserve the requisite value from the collateral that has been pledged for credit in RIX.

### **Replacement of collateral**

17. The borrower has the right, after informing the Riksbank in advance, to replace collateral provided earlier with other collateral that is eligible in accordance with items 1–6.
18. If commercial paper that has been pledged as collateral falls due during the period of the loan, it shall not later than the bank day before its maturity date be replaced by other commercial paper that is eligible in accordance with items 1–6.