

REGULATION FOR FOREIGN EXCHANGE TRANSACTIONS OUTSIDE THE MONETARY POLICY OPERATIONAL FRAMEWORK

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DECISION BY: Executive Board
RESPONSIBLE DEPARTMENT: Internal Control and Operational Support Department
RESPONSIBLE MANAGER: Chief Risk Officer
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Regulation for foreign exchange transactions outside the monetary policy operational framework

Content and purpose

This regulation contains supplementary guidelines to the *Financial risk and investment policy* and specifies the forms of foreign exchange (FX) transactions in Swedish kronor outside the monetary policy operational framework.

Target group

Employees directly or indirectly linked to the management of the Riksbank's financial assets and liabilities.

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1 Introduction

1.1 Underlying regulatory framework

- Financial risk and investment policy.
- Sveriges Riksbank Act (2022:1568)

1.2 Definitions

- The monetary policy operational framework refers to the Terms and Conditions for RIX and Monetary Policy Instruments.
- FX transactions covered by this regulation refer to exchange of EU payments and exchanges to hedge parts of the FX reserves.

2 Roles and responsibilities

The Head of the Markets Department (AFM) shall decide, within the framework of the regulations in point 3, on the detailed design of foreign exchange transactions.

3 Regulations

3.1 The following applies with regard to exchanges of payments to the EU budget.

- The Markets Department (AFM) shall exchange Sweden's EU payments into euro if they exceed SEK 3 billion at any one time and it is consistent with the Markets Department's other operations.
- If the individual EU payment exceeds SEK 8 billion, the Executive Board shall be informed as soon as possible after the exchange has taken place.
- AFM shall repurchase the euro amount to restore the Riksbank's total currency distribution. The euro amount the Riksbank has sold should be repurchased within a period of time that is considered appropriate to avoid undesirable exchange rate fluctuations.
- The exchange of EU payments shall occur in accordance with the *Regulation for the gold and foreign exchange reserves* with the exception of Sections 4 (Policy portfolio) and 5. (Permitted deviations from the policy portfolio).

3.2 The following applies to FX transactions to hedge parts of the FX reserves.

- The Executive Board's decision to hedge the FX reserves on 18 September 2023 (dnr 2023-00863).
- Recurring repurchases of currency shall occur via interest rate swaps in accordance with the Executive Board's decision.

4 Compliance

The heads of department concerned are responsible for the implementation and enforcement of this regulation within their respective departments. The Risk Division is responsible for monitoring compliance and reporting it to the Executive Board.

5 Entry into force and transitional provisions

This regulation enters into force on 18 September 2023 and will replace the *Regulation for foreign exchange transactions outside the monetary policy operational framework* adopted on 19 December 2022 (dnr. 2021-01391).

5.1 Revision history

Last reviewed	Version	Comments regarding revisions
21/10/2021	1.0	New template
21/10/2022	1.1	New template (accessibility-adapted)
22/10/2022	2.0	New version
18/09/2023	3.0	Adapted for the hedging ratio of the FX reserves