



Annex A to the minutes

DATE: 19 March 2020
DEPARTMENT: APP, AFS and AFM

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DNR 2020-00397

The Riksbank to offer loans in US dollars (USD)

Decision by the Executive Board

The Executive Board hereby decides that:

1. During the period 19 March 2020 up to and including 18 September 2020, the Riksbank will offer up to USD 60 billion to monetary policy counterparties against collateral, in accordance with what is stated in the appendix to this decision,
2. regarding auctions after the first auction that has already been decided, instruct the Head of the Markets Department, with the right to delegate this to another, after consultation with the Executive Board and the Head of the Monetary Policy Department and the Head of the Financial Stability Department, with the right for these department heads to delegate this task to another, to decide on the exact auction dates within the framework of this credit and on the offered amounts at each of these auctions respectively,
3. instruct the Head of the Markets Department, with the right to delegate this task to another, after consultation with the Head of the Monetary Policy Department and the Head of the Financial Stability Department, with the right for these department heads to delegate this task to another, to decide the more precise details of the terms for, and information on, this credit, and
4. publish the decision on Thursday 19 March 2020 no later than 20:00.

Background

The increased uncertainty in the global economy due to the spread of the corona pandemic has led to a deterioration in the functionality of financial markets. As a result, it has also become more difficult and more expensive for banks all over the world to borrow in US dollars.

Considerations

A good access to US dollars is important for the function of Swedish financial markets and therefore also for the monetary policy transmission mechanism. An impaired function may risk leading to exacerbated financial conditions in the economy with negative consequences for output and employment in Sweden. Disruptions in the access to US dollars risk jeopardising fulfilment of the price stability objective.

In this situation, therefore, the Riksbank needs to strengthen the supply of liquidity in US dollars in the Swedish financial system in order to, if necessary, facilitate banks' funding in this currency. The Riksbank shall therefore, for monetary policy purposes, pursuant to Chapter 6, Article 5 of the Sveriges Riksbank Act (1988:1385), within a time-frame of six months stretching between 19 March 2020 and 18 September 2020, offer credit for up to USD 60 billion to the Riksbank's monetary policy counterparties against collateral.

An initial auction of USD 10 billion shall take place in the week beginning 23 March 2020. The exact dates for subsequent auctions and the offered amounts at these auctions are determined by the Head of the Markets Department after consultation with the Executive Board and the Head of the Monetary Policy Department and Head of the Financial Stability Department. Consultation with the Executive Board is best done in the form of the Executive Board at regular meetings prior to each auction being kept informed of the current assessment of the need to supply liquidity in US dollars at that time.

It is the Riksbank's assessment that the prevailing shock to the functioning of financial markets risks continuing for a long time. It is therefore appropriate that the offered credit has a maturity of 3 months.

The Riksbank has today entered into a swap agreement with the Federal Reserve that provides scope for the Riksbank to lend USD 60 billion during a six-month period. The minimum interest rate for credit offered by the Riksbank will be established after the terms offered to the Riksbank by the Federal Reserve have been taken into consideration.

To utilise the credit, counterparties must provide adequate collateral. The rules for collateral in the Riksbank's Terms and Conditions for RIX and Monetary Policy Instruments (Terms and Conditions) shall also apply to this credit.

It is the responsibility of the Head of the Markets Department, with the right to delegate to another person, to determine the more precise details regarding the terms for, and information on, credit in US dollars. The decision will be taken after consultation with the Head of the Monetary Policy Department and the Head of the Financial Stability Department, with the right for them to delegate to other persons.

Appendix

Facts about the Riksbank's credit in US dollars to monetary policy counterparties. The first auction will take place in the week beginning 23 March 2020.

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| Total volume | A maximum of USD 60 billion. |
| Offered amount at first auction | USD 10 billion |
| Maturity | 3 months |
| Interest rate | The minimum interest rate for credit offered will be established after the terms offered to the Riksbank by the Federal Reserve have been taken into consideration. |
| Eligible bidders | Riksbank monetary policy counterparties that, no later than on the banking day before the auction have registered to participate. |
| Bid procedure | Bids for volume and interest rate add-on are made by telephone and confirmed by e-mail on the auction date in question. |
| Allocation | Allocation will be in order of the highest bid, but at the lowest interest rate finally accepted. If this interest rate is in several bids, all bidders will receive the same percentage allocation in relation to their bid ("pro rata"). The maximum number of bids per bidder is limited to 10. The largest allocation to an individual counterparty is limited to 40 per cent of the offered amount. |
| Terms | Detailed terms are published on the Riksbank's website. |