

GENERAL TERMS AND CONDITIONS FOR THE RIKSBANK'S PURCHASES OF CORPORATE BONDS VIA BID PROCEDURE 2020:1



These general terms and conditions (“General terms”) will apply from 17 November 2020 to the Riksbank’s purchases of corporate bonds¹ through bid procedures.

1. Definitions

“Bid date”	The date for making bids, as stated in the Special terms and conditions.
“Bid time”	The time for making bids, as stated in the Special terms.
“Registration”	The procedure by which counterparties register their interest in taking part in the bid procedures, Annex 1.
“Bloomberg Bond Auction System”	Bloomberg Bond Auction System is the system that will be used for the bid procedures.
“Bank day”	Monday to Friday that is not a holiday in Sweden, except Midsummer Eve, Christmas Eve and New Years Eve.

¹ General Terms and Conditions for the Riksbank's purchases of government bonds via bid procedure 2016:1 (or a later version notified at any given time by the Riksbank) shall apply for the Riksbank's purchases of Swedish government bonds, General Terms and Conditions for the Riksbank's purchases of covered bonds via bid procedure 2020:1 (or a later version notified at any given time by the Riksbank) shall apply for the Riksbank's purchases of covered bonds and municipal bonds, and General Terms and Conditions for the Riksbank's purchases of corporate bonds via bilateral procedures 2020:1 (or a later version notified at any given time by the Riksbank) shall apply for the Riksbank's purchases of corporate bonds through bilateral procedures.



"Requested volume"	The volume, or the interval of volume, of Bonds requested for Purchase by the Riksbank in accordance with the Special terms for the respective Bid date.
"Information system"	Nasdaq's GlobeNewswire system for receiving and distributing information in the Swedish money and bond markets or another electronic system for receiving and/or spreading information that the Riksbank has specially assigned.
"Purchases"	The Riksbank's purchases of Bonds on the respective Bid dates.
"Delivery and settlement date"	The second Bank day after the Bid date.
"Counterparties"	Counterparties accepted by the Riksbank in accordance with point 4. below.
"Bond"	A corporate bond that is requested for Purchase as stated in the Special terms.
"Monetary Policy Counterparties"	Counterparties covered by the definition Monetary Policy Counterparties in the Riksbank's Terms and Conditions for RIX and Monetary Policy Instruments.
"Final volume"	The volume of Bonds that the Riksbank, after the Bid times have expired on the respective Bid date, decides shall be purchased by the Riksbank on such Bid date. The Final volume is within the Requested volume, when the Requested Volume is stated as an interval.
"Special terms"	The special terms and conditions that are applicable to the respective Bid date.

2. Method of purchase

Purchase will be through bid procedure with the application of the unit price method for allocation.



3. Notification of Purchases and Special terms

Prior to Purchase, the Riksbank will notify on its website and via the Information system – or by another means determined by the Riksbank – the Bond(s) requested for Purchase, the Bid date, the Requested volume, the Bid times and the Delivery and payment date ("Special terms"). Special terms are normally notified no later than two (2) calendar days prior to the Bid date.

4. Counterparties

Only those who at the time of making a bid are Monetary Policy Counterparties, and from whom a complete Registration has been received by the Riksbank no later than 11.00 on the Bank day prior to the Bid date concerned, may bid in the Riksbank's Bonds Purchases. Counterparties must meet the requirements for Monetary Policy Counterparties on both the date of the Registration and the Bid date. The Riksbank reserves the right to depart from the requirements in this section.

The Registration and the information provided in the Registration apply to, and are binding for, the Counterparty with regard to all ensuing bid procedures in which the Counterparty takes part.

Counterparties are obliged to ensure that the person representing them in the Bid procedure is authorised to do so and has the authority to make binding bids on behalf of the Counterparty.

A Counterparty is always bound by Bid(s) that have been made by using the Bloomberg Bond Auction System and by what is stated in the Registration, or in a telephone Bid, by the people stated as authorised bidders in the Registration.

5. Bid procedure

Bids regarding interest/credit margin mark-up and volume are made by the Counterparties either via the Bloomberg Bond Auction System during the Bid times on the Bid date or by telephone and with confirmation by e-mail during the Bid times on the Bid date. The choice of method for making bids is stated in the Special terms.

The Riksbank reserves the right to terminate the bid procedure, extend or postpone the Bid times, or designate a later Bid date. In such case, this will be communicated to the Counterparties as soon as possible.

Counterparties may make more than one bid per Bid date.

Bids shall include information about the desired volume and the rate/credit margin mark-up bid per requested Bond. Volume shall be stated as SEK 1,000,000 (corresponding to nominal amount) alternatively SEK 2,000,000 in bonds where the smallest denomination is SEK 2,000,000 or whole multiples thereof. Volume may not exceed the Highest permitted bid volume or be below the Lowest permitted bid volume per requested Bond (such volumes are specified in the Special terms). The credit margin mark-up for Floating Rate Notes shall be expressed with a maximum of three decimals and stated in a number of basis points, that is, a credit margin mark-up of 50.5 b.p. is stated as 50.500.



Bids made are binding for the Counterparty. Bids may not be withdrawn or changed by the Counterparty after the Bid times have expired. Bids are binding until the allocation result has been notified, in accordance with point 6. below, or until the bid procedure has been terminated by the Riksbank.

When the Bid times have expired, the bids are ranked according to the offered interest rate/credit margin mark-up. The Final volume is thereafter decided by the Riksbank. After this, the allocation is made. Allocation will be made via the unit price method, whereby all allocated bids will receive the same rate/credit margin mark-up. First the bids with the highest rate/credit margin mark-up are allocated and thereafter follow the next highest bids for rate/credit margin mark-up and so on until the Final volume has been filled. The lowest accepted rate/credit margin mark-up will be allocated to all bids allocated.

If necessary to avoid exceeding the Final volume, the allocation for bids at the lowest interest rate/credit margin mark-up accepted by the Riksbank is reduced, and if there is more than one bid at this rate/credit margin mark-up, the reduction is made in proportion to the volume the Counterparty has stated in its bid (s). In the event of a reduction, the allocated volume is rounded down to a multiple of SEK 1,000,000 alternatively SEK 2,000,000 (corresponding nominal amount). The remaining bids will not receive any allocation.

The Riksbank reserves the right to reject bids or individual Bonds, without stating a reason, prior to the allocation decision, even if this would mean that the Final volume is lower than the Requested volume or even if it means that no allocation is made. Acceptance of the Counterparty's bid is through the allocation decision.

The Counterparty is obliged to deliver the allocated volume even if this is smaller than the volume offered in the Counterparty's bid.

6. Reporting allocation results

The allocation results will be notified via the Information system, or by another means determined by the Riksbank, normally no later than 30 minutes after the last time for making a bid. However, in the case of impediment, the Riksbank reserves the right to report the results at a later point in time. The allocation results will also be notified as soon as possible on the Riksbank's website.

7. Delivery and payment

On the Delivery and payment date, the delivery of the allocated Purchases of Bonds will be made by the relevant Counterparty, and payment for the Purchase will be made by the Riksbank. This will be done in accordance with information provided by the Counterparty in its Registration and by the Riksbank in the Special Terms. The payment will be calculated in accordance with Swedish market practice.

For all Bonds, the following applies:

The Counterparty is obliged to ensure that the Bonds delivered to the Riksbank by the Counterparty have not been obtained from the issuer solely to fulfil the delivery to the



Riksbank. Delivery may not include Bonds the Counterparty has purchased from the issuer less than thirty days prior to the Purchase date.

If the bid concerns Bonds issued by public sector companies according to the definition in Article 8 of the Council Regulation (EU) No 3603/93 of 13 December 1993, the following applies;

The Counterparty is obliged to ensure that the Bonds supplied to the Riksbank by the Counterparty have not been obtained from the issuer to fulfil delivery.

8. Penalties and other matters concerning terms and conditions

If a party is not able to meet its full delivery or payment obligations as described in point 7 above, the party is obliged to compensate the other party for any damage, loss, claim, costs and expenditure the other party has suffered as a result of this failure.

If a Counterparty sells a Bond to the Riksbank that on the Bid date does not meet the requirements in the General or Special Terms and Conditions, the Riksbank has the right to cancel the purchase of this Bond within two weeks of the Delivery and payment date.

The Riksbank also has the right to cancel the purchase of a particular Bond the Counterparty has sold if – no later than the purchase date – an application for corporate bankruptcy or reconstruction has been submitted for the issuer, the issuer has suspended payments, trade in the Bond has been stopped or there are other similar reasons giving the Riksbank the right to cancel the purchase. Such cancellation may be made no later than three days after delivery of the Bond.

Unless otherwise expressed in the General terms and conditions, the Riksbank's Terms and Conditions for RIX and Monetary Policy Instruments will apply as appropriate. If any of the terms and conditions in the General terms is incompatible with the Riksbank's Terms and Conditions for RIX and Monetary Policy Instruments, the General terms will take priority.

The General terms apply until further notice or until otherwise is notified by the Riksbank. The Riksbank reserves the right to make amendments to the General terms. Any such amendments will be notified to the Counterparties no later than 15.00 hours on the day prior to the relevant Bid date and will take immediate effect from (and including) the time the Riksbank gives such notice.

Stockholm, 17 November 2020