



Instructions for applying to become a Temporary Monetary Policy Counterparty to the Riksbank

1 Application

The application shall be made on Annex A to the Conditions TMPC (a form in Word, where one can enter unlimited text by clicking inside each section). Complementary information can be submitted in annexes that must be listed on the form. The application shall be made electronically using a scanned signature.

The application shall be submitted electronically to:
TPM_ansokan@riksbank.se

2 Content of the application

On the form, figures in brackets, e.g. (11), denote the information that is to be submitted. Each figure refers to the section in these instructions with the same number.

2.1 Date (1)

The application shall be dated. Choose the correct date.

2.2 Applicant

Information shall be provided on the institution's *name* (2) and the institution's *address* (3). This information shall refer to the legal entity and not to a branch in Sweden. However, the branch address may also be stated if relevant for the handling of the application.

Information on the *contact person* that the Riksbank is to contact concerning the application shall be provided (4). At a minimum, this information shall consist of name, telephone number and email address.



2.3 General information about the applicant

Only a credit institution¹ domiciled in Sweden can become a Temporary Monetary Policy Counterparty. Please specify therefore the *type of institution* the applicant is according to the licenses it has in its country of domicile (5).

The applicant's *country of domicile*, i.e. the country in which the legal entity has its registered office, shall be provided (6). A Temporary Monetary Policy Counterparty is required to be domiciled in Sweden.

Specify the primary authority that exercises *supervision* over the applicant (7). State also the contact person at the supervisory authority (8).

The Riksbank requires information on the applicant's *ownership structure* (9). Ownership refers to both major direct owners themselves and the major owners of such direct owners. Private individuals who indirectly control the applicant shall be specified. Please state both share of equity and voting rights. State whether the applicant or specified owner/s are listed companies.

2.4 Financial information (10)

A Temporary Monetary Policy Counterparty shall fulfil the capital requirements applying in Sweden.

Neither shall the applicant becoming a Temporary Monetary Policy Counterparty pose risks to the monetary policy operational framework or to the Riksbank.²

The Riksbank wishes therefore to understand the applicant's financial position. The applicant shall submit relevant financial information. At least the following information shall be submitted:

- Common Equity Tier 1 (CET1)
- Tier 1 capital
- Total capital base
- Total capital requirements
- Risk exposure amount (REA)
- Total leverage ratio exposure
- Liquidity buffer (LCR)
- Liquidity coverage ratio (LCR)

The information shall relate to the legal entity applying to become a Temporary Monetary Policy Counterparty. The information shall thus not refer to the entire group to which the applicant belongs, nor to just one branch in Sweden. The information shall be based on the definitions applied by the relevant supervisory authority/legislation.

¹ Credit institution under EU law. Compare Master Document B.3.1.2.

² Compare Master Document B.3.2.7.



If the required information is available in a report/reports submitted to a supervisory authority, copies thereof may be submitted as an annex to the application.

2.5 Operations

The applicant shall provide an overall description of its operations so the Riksbank can understand them. The description should include whether or not the applicant is active on the money and bond market (11).

2.6 Organisation and risk management

A Temporary Monetary Policy Counterparty shall have the operational capacity to act as one.³ Among other things, this means having the capacity to act on relevant markets, conclude business with the Riksbank and other parties, and implement transactions. It also means having the appropriately skilled staff, a well-balanced organisation, access to the systems support required and being able to manage the risks entailed by its operations.

Information on the applicant's organisation and risk management are therefore important for the Riksbank to be able to assess whether the requirement has been fulfilled.⁴

The applicant shall provide a general description of its organisation (12). This description shall, inter alia, outline the reporting lines for the various parts of the applicant's organisation affected by the applicant's status as a Temporary Monetary Policy Counterparty.

The applicant also shall describe the part of its organisation that concludes business concerning monetary policy transactions with the Riksbank (13). Further, the applicant shall describe the part of its organisation that settles these transactions (14). The descriptions shall give an overall view of the systems support used to manage monetary policy transactions.

Having good risk management, including checks to avoid errors, is an important aspect as regards having the operational capacity to be a Temporary Monetary Policy Counterparty. The applicant shall therefore describe how it manages its risks. (16)

2.6.1 Contact persons

The Riksbank wants the applicant to have a designated person with the overall responsibility for the applicant's role as a Temporary Monetary Policy Counterparty (15).

The Riksbank also wants there to be contact persons, both for questions about the entering-into of monetary policy transactions, i.e. "front office aspects" (17), and

³ Compare Master Document B.3.2.3.

⁴ According to p. (25) in the Application (and its Instructions), the applicant shall confirm that it has this capacity.

questions about the implementation/settlement of monetary policy transactions, i.e. “back office aspects” (18).

Information concerning these persons shall include name, telephone number and email address. For the person with overall responsibility, information on his or her role within the institution’s organisation shall be presented.

2.7 Confirmations and undertakings

The applicant shall confirm that it has reviewed the documentation applicable to a Temporary Monetary Policy Counterparty and understands what this entails.⁵ This certification is done by the applicant, in the application, ticking the boxes for each confirmation or undertaking respectively as shown below.

- *Confirm that it has reviewed the Conditions for Temporary Monetary Policy Counterparties including the relevant parts of the Terms and Conditions for RIX and Monetary Policy Instruments, including annexes, and that it understands what applies for a Temporary Monetary Policy Counterparty (19).*⁶
The requirements for a Temporary Monetary Policy Counterparty are stated in the Conditions for Temporary Monetary Policy Counterparties (Conditions TMPC), which in parts refer to the Terms and Conditions for RIX and monetary policy instruments (RIX Terms and Conditions) and which also state the Counterparty's rights and obligations. It is therefore important for the applicant to study the Conditions TMPC and the RIX Terms and Conditions carefully.
- *Confirm that it is able to pledge the collateral stated in the Conditions for Temporary Monetary Policy Counterparties and the Terms and Conditions for RIX and monetary policy instruments (20).*
To be able to obtain credit, a Counterparty needs to pledge collateral approved by the Riksbank. The collateral accepted is stated in Annex H4 to the RIX Terms and Conditions. The Conditions TMPC state that only collateral in the form of securities registered in Euroclear Sweden are eligible as collateral. The requirements regarding this collateral are stated in section 2.1 of Annex H4.
- *Confirm that the applicant has the operational capacity to act as Temporary Monetary Policy Counterparty (21).*⁷
Having the operational capacity to act as a Temporary Monetary Policy Counterparty means, inter alia, having the capacity to act on relevant markets, conclude business with the Riksbank and other parties, and make transactions. It also means, inter alia, having the appropriately skilled staff, a well-balanced organisation, access to the systems support required and being able to manage

⁵ Compare Section C.3 of this document.

⁶ Compare Section C.3 of this document.

⁷ Compare Master Document B.3.2.3.

the risks entailed by its operations. This requirement shall be fulfilled on the day the [Accession Agreement] is concluded.

- *Grant permission for all information concerning the Counterparty that has been provided or will be provided to the Riksbank, as well as information on monetary policy transactions and collateral for credits, to be used by the Riksbank in the execution of its tasks and to be shared with the appropriate supervisory or resolution authority within the framework of the Riksbank's cooperation with such authorities (22).*⁸

The Riksbank may also use information provided to it by the Counterparty as a Temporary Monetary Policy Counterparty for other purposes that are compatible with the Sveriges Riksbank Act (1988:1385). The same applies to information about transactions made by the Counterparty with the Riksbank. In addition to the Riksbank using this information internally within the Riksbank, the Riksbank may share this information with supervisory and resolution authorities, i.e. Finansinspektionen and the Swedish National Debt Office in Sweden.

- *Undertake to inform the Riksbank, without delay, of changes concerning the Counterparty's ownership structure, financial position, operations, organisation and risk management of which the Counterparty has previously informed the Riksbank or which may be significant for checking the qualification requirements (23).*⁹

The information submitted by the applicant to the Riksbank in connection with the application or thereafter is used by the Riksbank for several purposes. One purpose is to determine whether the applicant fulfils the requirements imposed on a Temporary Monetary Policy Counterparty. Another is to give the Riksbank information about the applicant and the applicant's operations. It is therefore important that this information is correct over time. This means that if changes occur during the application process, or later once the applicant has become a Counterparty, the applicant shall inform the Riksbank about such changes without delay. Even if the applicant has not submitted information on certain circumstances before, it shall also submit information on changes with regard to these circumstances if it may be relevant for the assessment of whether the institution still fulfils the requirements imposed on being a Temporary Monetary Policy Counterparty.

- *Undertake to provide the financial information requested by the Riksbank (24).*¹⁰

The Riksbank needs to be able to assess the risks a Temporary Monetary Policy Counterparty may pose to the monetary policy operational framework and to the Riksbank. One such risk concerns the fact that a Temporary Monetary Policy Counterparty is given access to significant credit opportunities at the Riksbank. Not least as a potential lender, the Riksbank then needs to be able to obtain relevant financial information from its Counterparties. The information that the

⁸ Compare Master Document B.3.2.1 (d)

⁹ Compare Master Document B.3.2.1 (f)(ii).

¹⁰ Compare Master Document B.3.2.1 (f)(iii).

Riksbank may request will be of a nature that the Riksbank expects the Counterparty to already have access to and will not need to produce especially for the Riksbank.

- *Undertake at the request of the Riksbank to meet the Riksbank to discuss its role as Temporary Monetary Policy Counterparty and to in other ways take part in the monitoring of counterparties regularly carried out by the Riksbank and to provide the information requested by the Riksbank (25).*¹¹

The Riksbank regularly monitors its Counterparties. This can be done at different time intervals. In connection with such monitoring, the Riksbank may request certain written information from the Counterparty and may also request that the Counterparty confirms certain circumstances. If the Riksbank deems it necessary, the Riksbank may also wish to discuss the role as Temporary Monetary Policy Counterparty at a meeting with the Counterparty.

- *Undertake, as soon as practically possible, to inform the Riksbank of important staff changes that have significance for the Riksbank's contacts with the institution, especially with regard to the responsible contact person (26).*¹²

It is important for the Riksbank to know which persons at the Counterparty are expected to have contact with the Riksbank. This is not least true of responsible contact persons. The Riksbank shall therefore be informed if changes concerning these persons take place.

2.8 Enclosures

Details shall be given about the information provided in separate annexes that complement the Application. Four enclosures are compulsory.

- Authorisation document(s) for the signatory(ies) of the Application (27). If someone signs the application as a result of a special power of attorney, both the power of attorney and the authorisation document (e.g. certificate of incorporation) for the power of attorney provider shall be enclosed.
- The applicant's latest annual report (28).
- The applicant's Standard Settlement Instructions, SSI, for Swedish krona (29)
- Information on collateral management, Annex D, form S.B4.TPM (30).

For other enclosures, tick the box and state what the enclosure refers to (row 31 and subsequent rows).

2.9 Signature

An authorised representative for the applicant shall sign the application (32). By signing this application the applicant confirms that it is bound by the conditions applying at any

¹¹ Compare Master Document B.3.2.1 (f)(iv).

¹² Compare Master Document B.3.2.3 (a)(iv).



given time to Temporary Monetary Policy Counterparties and that it has the rights and obligations towards the Riksbank stated in the conditions. By signing the application, the applicant also confirms that it fulfils the requirements in accordance with the Terms and Conditions, that the information in the application is correct, and that the applicant assumes the undertakings listed above.