

# **GENERAL TERMS FOR THE RIKSBANK'S PROGRAMME FOR CREDIT IN SWEDISH KRONA FOR ONWARD LENDING TO SWEDISH NON-FINANCIAL COMPANIES (GENERAL V-CREDIT TERMS)**

**30 March 2020**

## **1 Introductory terms**

- 1.1 The Riksbank can in accordance with D.1.2.2. of the Master Document in the Riksbank's Terms and Conditions for RIX and monetary policy instruments (the Terms and Conditions) lend Swedish krona (SEK) against collateral in eligible assets (Credit).
- 1.2 The Riksbank can make agreements concerning Credit in SEK in accordance with what is stipulated in general terms for the Riksbank's programme for Credit in SEK for onward lending to companies (General V Credit Terms).
- 1.3 Unless expressly stated otherwise in the General V Credit Terms, the Terms and Conditions apply where they are applicable. Words or phrases beginning with a capital letter shall have the meaning stated in the specific terms for the Riksbank's programme for Credit in SEK for onward lending to companies (Specific Terms V Credit) and which are relevant for the Bid Submission Date in question. Specific Terms V Credit are announced by publication on the Riksbank's website, normally two bank days before the relevant Bid Submission Date. Otherwise, words or phrases beginning with a capital letter shall have the meaning stated in annex H1 to the Master Document of the Terms and Conditions.
- 1.4 Only those who at the time of submitting a bid or the time of using an Option are Monetary Policy Counterparties in accordance with the Terms and Conditions or Temporary Monetary Policy

Counterparties in accordance with the Terms and Conditions for the Riksbank's Temporary Monetary Policy Counterparties ("Counterparty") have the right to receive Credit in SEK according to the General V Credit Terms.

- 1.5 The purpose of the Credit is, according to these General V Credit Terms, to stimulate the Counterparties' lending in SEK to Swedish non-financial companies defined in accordance with the Riksbank's Financial Markets Statistics (MFI statistics).
- 1.6 If any term in these General V Credit Terms is incompatible with the Terms and Conditions, the General O Credit Terms shall prevail.

## **2 The Credit**

Credit in accordance with these General V Credit Terms is decided after an auction on the basis of D 3.1.2 in the Master Document of the Terms and Conditions on the Bid Date.

## **3 Auction procedure**

- 3.1 To submit a bid, the bidder must no later than two (2) bank days prior to the Bid Date register (via e-mail) interest in participation by using a special registration form, enclosure 1. Registration entails that the bidder confirms it is bound by these General V Credit Terms through submitting a bid.
- 3.2 Bids shall include information about volume (SEK). Volume shall be stated as Minimum Bid Amount or whole multiples thereof and the total volume bid may not exceed the Maximum Acceptable Volume of Bids.
- 3.3 Bids shall be submitted by telephone +46-(0)8-696 69 70 during the Bid Submission Period. A bid submitted by telephone is binding on the bidder. This means that the bidder is bound by a submitted bid irrespective of by whom at the bidder the bid was submitted. It also means that the bidder may not recall or alter a submitted bid after the Bid Submission Period has expired. Bids submitted shall be

confirmed by the bidder by e-mail to eol@riksbank.se no later than 15 minutes after the end of the Bid Submission Period. The bidder is liable for payment of interest for the entire maturity in accordance with the tender even if payment from the Riksbank does not occur because the Riksbank has not received adequate collateral.

- 3.4 The Riksbank has the right to reject bids that contain conditions other than those set out in the General V Credit Terms and the Specific Terms V Credit. The Riksbank also has the right to reject a bid if the Riksbank has not received confirmation via e-mail no later than 15 minutes after the end of the Bid Submission Period, or if the e-mail message and the telephone bid are inconsistent.
- 3.5 The Riksbank has the right to reject bids that exceed the Maximum Permitted Bid Volume or are lower than the Minimum Permitted Bid Volume.
- 3.5.1 (i) Allocation will be made in accordance with D 3.1.4.1 in the Master Document of the Terms and Conditions.
- (ii) A Counterparty cannot be allocated more than the Maximum Allocation. Any sum not allocated will be allocated to the other bidders in accordance with what is stated in (i).
- (iii) Allocations will be announced on the Allocation Date on Globe NewsWire (or another electronic system for spreading/receiving information to which the Riksbank refers).
- 3.6 The Riksbank reserves the right to reject bids submitted entirely or in part, 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.

## **4 Interest**

- 4.1 Interest on the Credit is calculated on an annual basis using the repo rate applying at each time.
- 4.2 The applicable interest rate convention is the actual number of days divided by 360. Interest is calculated from the Settlement Date to

the Repayment Date. If an Option is used, interest is calculated from the date the Option amount is paid out to the Final Repayment Date

- 4.3 Interest shall be paid on the respective Repayment Date and Final Repayment Date.

## **5 Settlement Date**

The amount of the credit is paid out on the Settlement Date to the Counterparty's account in RIX with clearing code DAG. If Option according to item 10 is utilised, the Option amount is paid out on the Repayment Date.

## **6 Collateral**

- 6.1 Credit in accordance with General V Credit Terms is paid out only in so far as sufficient eligible assets according to the Riksbank's requirements in the Terms and Conditions have been registered in a securities account pledged to the Riksbank no later than 11.00 hours (CET/CEST) on the Settlement Date. Sufficient collateral is said to exist if, in addition to the value requisitioned for Credit paid by the Riksbank, for instance, intraday credit or other Credit in SEK or foreign currency, there is a collateral value, calculated according to item 6.2 below, that corresponds to the Credit amount plus interest at that time accrued from the Settlement Date. If Option according to item 10 is utilised, sufficient collateral is said to exist if there is a collateral value that corresponds to the Option amount plus interest at the time accrued from the date that the Option amount is paid out.

- 6.2 Valuation of collateral and haircuts is to comply with what is stipulated in the Terms and Conditions. A sum equivalent to the loan amount plus interest accrued since the Settlement Date, or the Option amount plus interest accrued since the date the Option amount is paid out, is reserved in the adjusted market value of the collateral pledged to the Riksbank for this Credit. This reserved amount limits the scope for intraday credit in RIX.

## **7 Follow-up and reporting requirement**

- 7.1 Bidders who have received an allocation shall report monthly on their lending to non-financial companies in accordance with the detailed instructions shown on the form, enclosure 2.
- 7.2 The Riksbank will regularly follow up that the Credit is used for lending in SEK to Swedish non-financial companies. This follow-up will be based on the Riksbank's Financial Market Statistics and the special reporting described in item 7.1. Irrespective of the requirements stipulated in item 8, Counterparties are expected to lend to non-financial companies on-going when such need occurs.

## **8 Evaluation and additional interest**

- 8.1 The Riksbank will evaluate the Counterparty's lending to Swedish non-financial companies. The evaluation will be based on the Riksbank's Financial Market Statistics. When calculating the lending, lending for all Swedish MFIs<sup>1</sup> belonging to the same group as the Counterparty will be included.
- 8.2 Evaluation of the Counterparty's lending in relation to the Credits provided by the Riksbank will occur on two occasions. The first evaluation will be made at 31 August 2021.. The second evaluation will be made at 31 August 2022. If no Options are utilised (see item 10), only one evaluation will be made.
- 8.3 The Counterparty's Basic lending is determined as the total lending according to item 8.1 at 29 February 2020..
- 8.4 For evaluation of the Counterparty's lending in relation to the Credit amount, one or two Outcome figures are determined as well as one or two Comparison figure(s).

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<sup>1</sup> Monetary Financial Institutions (mainly limited liability banks, savings banks, cooperative banks, credit market companies and investment firms with authorisation to trade on their own behalf and to both provide customers with credit and receive deposits from customers in accounts). These institutions report to the Riksbank's Financial Market Statistics.

Outcome figure 1 is calculated as the Counterparty's lending according to item 8.1 at 30 June 2021 minus the Counterparty's Basic lending.

Outcome figure 2 is calculated as the Counterparty's lending according to item 8.1 at 30 June 2022 minus the Counterparty's Basic lending.. If no Options are utilised, then no Outcome figure 2 is calculated.

The Comparison figure 1 is calculated as one tenth of the total Credit amount received according to these General V Credit Terms (excluding possible Credits following on from Options).

The Comparison figure 2 is calculated as one fifth of the total Credit amount received according to these General V Credit Terms. If no Options are utilised, then no Comparison figure 2 is calculated.

- 8.5 If Outcome figure 1 is lower than the Comparison figure 1, an additional interest rate must be paid. The additional interest rate amount is 1 minus the ratio of Outcome figure 1 and the Comparison figure 1 multiplied by the Additional interest rate, 0.20 per cent per year, multiplied by the average annualised outstanding Credit amount according to these General V Credit Terms.
- 8.6 If Outcome figure 2 is lower than the Comparison figure 2, an additional interest rate must be paid. The additional interest rate amounts to 1 minus the ratio of Outcome figure 2 and the Comparison figure 2 multiplied by the Additional interest rate, 0.20 per cent per year, multiplied by the average annualised outstanding Credit amount according utilised Options according to the General V Credit Terms
- 8.7 If the Riksbank's evaluation results in an additional interest rate being applicable, the Riksbank shall after each evaluation inform the Counterparty of its decision that an additional interest rate must be paid, the amount of the additional interest and how this figure was calculated.

8.8 The additional interest amount shall be paid no later than 30 days after the Counterparty has been notified in accordance with item 8.7.

## **9 Repayment**

9.1 The Credit amount plus interest shall be repaid to the Riksbank on the Repayment Date and the Final Repayment Date debiting the Counterparty's account in RIX with the Credit amount plus interest with the clearing code ADG.

9.2 In the event of a late repayment of the Credit amount, interest or additional interest as a result of insufficient access to liquid funds, the Counterparty is obliged to pay penalty interest pursuant to the Interest Act (1975:635) to the Riksbank.

9.3 In the event of a late repayment of the Credit amount, interest or additional interest, the Counterparty is obliged, in addition to possible penalty interest in accordance with item 9.2, to compensate the Riksbank for the costs and losses the delay has caused the Riksbank.

9.4 The Credit cannot be repaid in advance.

## **10 Option to extend**

A Counterparty has the right on the Repayment Date to receive a new Credit (Option) at a maximum amount the same as the Credit sum falling due on this date and on the terms applying according to the General V Credit Terms. This Credit is due on the Final Repayment Date.

If a Counterparty does not wish to use this Option, wholly or partly, it shall inform the Riksbank of this no later than one week before the Repayment Date.

## **11 Amendments**

The Riksbank reserves the right to make amendments to the General V Credit Terms. Any such amendments will be communicated to the counterparties not later than 15.00 hours on the day before the relevant Bid Submission Date.

**Sveriges Riksbank**