15. Sweden

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A. List of Primary Dealers\textsuperscript{1,2}

i. Primary Dealers in Nominal Bonds

<table>
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<tr>
<th>FIRM</th>
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ii. Primary Dealers in Inflation-Linked Bonds

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KEY:
- AFME/Primary Dealer Members
- AFME Members
- Non-AFME Members

\textsuperscript{1} Information as of September 2014
\textsuperscript{2} Source: Swedish National Debt Office's website http://www.riksgalden.se
### iii. Primary Dealers in T-bills

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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7</strong></td>
<td></td>
</tr>
</tbody>
</table>

**KEY:**
- AFME/Primary Dealer Members
- AFME Members
- Non-AFME Members

### B. Credit Rating

Swedish debt has the following rating issued by the various rating agencies in 2014:\(^3\)

- Standard and Poor’s: AAA
- Moody’s: Aaa
- Fitch Ratings: AAA
- DBRS: AAA

The Swedish National Debt Office (SNDO) is engaged in open, transparent and predictable borrowing. By openly presenting its policy and forecasts for the budget balance and borrowing plans, opportunities are created for investors to form a view of the development of the supply of its loan instruments. It is therefore important for the Treasury to maintain a direct dialogue, not only with dealers but also with investors.

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3. Credit rating as of September 2014
C. Privileges and Obligations of Primary Dealers

i. Rights of a Primary Dealer
- Exclusive access to the primary market;
- Fees according to the Primary Dealer agreement;
- Market support measures as repos; and
- The Debt Office primarily uses Primary Dealers as counterparts in liquidity management. PDs are also “preferred counterparts” in other business areas.

ii. Obligations of a Primary Dealer
- A Primary Dealer is obliged to bid (for its own part or on behalf of a customer) at all auctions. The bids have to be reasonable compared to market rates and must comply with the sales conditions. The minimum share in the primary market is 2.5% per quarter;
- A Primary Dealer shall actively, and within proper trading customs, contribute to good liquidity in the spot and in derivative markets;
- The minimum share in the secondary market versus clients is 2.5% per quarter;
- Annual reports describing measures to promote sales and the recruitment of new customer categories. A Primary Dealer should assist the SNDO with advice for improvements;
- Report daily on turnover to the Riksbank and the Stockholm stock exchange; and
- Provide annual sales report to the SNDO of auction distribution by customer and region.
D. Primary Market

i. Auctions

Primary Dealers are the sales force for Government Securities and thus the preferred counter party in Repos and other instruments. The SNDO actively supports liquidity through market commitments. By reducing uncertainty and contributing to liquidity, the SNDO increases the attractiveness and risk-taking propensity in the market and hence leads to cost reduction.

a. Auction Terms

The SNDO issues Treasury bills, nominal and inflation-linked government bonds by means of auctions. Only Primary Dealers can place direct bids for the auctions. Others who are interested in bidding must go through a Primary Dealer. Auction dates are published on the SNDO’s website every six months.5 The auction conditions are published on the SNDO’s website one week prior to the auction. The conditions state the auction date, maturities, volumes issued and the auction cut-off time. Bloomberg and Reuters also distribute the information.

The allotment for the auctions is made according to the principles of multi-price auctions. Each allocated bidder pays their individual bid price. And bids are submitted in terms of interest rate. A bid that is on the margin of the issued volume is cut down, in order to equal the total volume sold with the offered volume. If more than one buyer has bid the same interest rate on the margin, or price quotation, the bids are cut down on a pro rata basis.

b. Bidding Terms

The bids shall be reasonable, taking into consideration the prevailing market interest rates at the time of each sale. Those who wish to purchase the securities offered, make bids in line with, or below, the interest rate quoted in the market. A Primary Dealer undertakes to comply with the SNDO’s Sales Terms and Conditions in force at any given time. The Primary Dealers shall make all bids as a principal. All bids are binding. The dealer is obliged to acquire the allocated volume even where it is less than the volume requested in the bid.

c. Auction Calendar

An auction calendar covering a period of at least six months is announced in advance, and is updated in February, June and October. This calendar officially announces forthcoming auction dates. Auction details are announced on the SNDO’s website one week prior to each auction. Bloomberg and Reuters also distribute the information.

ii. Syndication

Syndication only applies to foreign currency funding and depends on market windows. The SNDO announces the decision of syndication through lead managers on Bloomberg and Reuters screens.

The managers/leaders are selected by track records, placing capability, quality of overall relationship, pricing, etc. Primary Dealers have a preferred counterparty status but compete on equal terms with other investment banks. The distribution of the bond is announced through the National Debt Office’s website and the lead managers’ press release.

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5. Auction calendars of the Swedish National Debt Office are available on the website https://www.rikgalden.se/en/For-investors/Newsroom/Auction-calendar
Regarding the syndication method, the SNDO uses the conventional pot transaction, i.e. a joint order-book with split economics, usually only by using lead managers. The key stages of the operation and their results are displayed on screens and also announced through the SNDO’s website.

Primary Market Reporting
Sales result from auctions will be published to all Primary Dealers on one and the same occasion. The auction result is published after three minutes from when the auction closes in the electronic system. Results will be published on the SNDO’s website. Bloomberg and Reuters also distribute the information.

E. Secondary Market

i. Interdealer Market

a. Trading on the Secondary Market
The Primary Dealers shall actively, and in accordance with sound and customary trading principles, contribute to liquidity in the instruments issued by the SNDO on the Secondary Market, both through trading on the spot market as well as by entering into transactions on the derivatives markets. The Primary Dealer undertakes to act as a market maker in the Electronic Trading System. In that context, the Dealer shall undertake to comply with the relevant rules for the Electronic Trading System that are applicable at any given time.

b. Multiplatform Environment
Platforms Selection Procedure
To be considered eligible for the selection, the Interbank electronic platform shall:

- Either be a multilateral trading facility or a regulated market according to the Securities Market Act (2007:528);
- Provide information to the SNDO as required and be open in a non-discriminatory way to all Primary Dealers,
- Contribute to a properly functioning secondary market.

The Primary Dealers may, by six months’ advance written notice to the SNDO, change the Electronic Interbank Trading System(s) in which they commit themselves to trade on the Interbank Market.

Organisation of the Primary Dealers’ Market Making Activity on the Selected Platforms.
If the Primary Dealers decide that there should be more than one Electronic Interbank Trading System, then at least so many Primary Dealers must have made a commitment to trade in several of these systems as is required to prevent a segmentation of the Electronic Interbank Market.

c. Quoting Obligations
The Organisation for the Electronic Trading System will select three Government bond loans, which at each time shall be Reference Loans.

The reference loan has a maturity of 2, 5 and 10 years. The Primary Dealer shall quote buying and selling interest rates, binding on the Primary Dealer, in the Reference Loans. The Organization for the Electronic Trading System will decide the
spread between buying and selling interest rates and the amounts of the trading lots of the Reference Loans.

If exceptional conditions prevail in the Swedish bond market, the Primary Dealers need not quote binding buying and selling interest rates in the Reference Loans. The Organisation for the Electronic Trading System will give guiding principles for determining when exceptional market conditions should be considered as prevailing.

ii. Dealer to Customer Market

Most bonds trade on a dealer to customer platform, but the voice market remains substantial.

In terms of the retail market, prices for Swedish government bonds can be found on the Nasdaq OMX website. They are quoted by a Swedish bank, SEB.

For Over-the-counter (voice) trading, Tullet, RP Matin, Icap, and Gottex are the main end investors/retail brokers for institutional investors.

Secondary Market Reporting

At least once a year, each Primary Dealer shall submit a report to SNDO concerning actions it has taken and is planning to take in order to promote the sale of instrument issued by the SNDO in the Client Market. The Primary Dealer shall report daily its purchase and sale of instrument issued by the SNDO, both to the Swedish Central Bank and to the stock exchange of Stockholm.

Bond Exchange and Buy Back Offers

The SNDO offers repos in all nominal benchmark bonds, inflation-linked bond and T-bills. In Sweden, the repo market is relatively large and well-functioning. The SNDO offers repos as part of the market support program, aiming to prevent squeezes in the market. The Primary Dealers may also enter into repo swaps with SNDO, i.e. exchanging one government security with maximum of two other government securities. SNDO also offers Primary Dealers to exchange inflation-linked bonds on an on tap basis.

F. Appraisal of the Activity of Primary Dealers

The SNDO organizes annual review meetings with Primary Dealers for evaluating their activity.

The assessment of the Primary Dealers relies on the fulfilment of the Primary Dealers’ obligations (see above paragraph C.ii) and on the evaluation of some qualitative issues not stipulated in the Primary Dealer agreements (e.g. analysis, research, coverage).

The ranking of the Primary Dealers is not available to the public.
G. Contacts

i. Debt Management Office

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SE-103 74 Stockholm
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Fax: +46 8 21 21 63
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thomas.olofsson@riksgalden.se

Maria Norström
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Tel: +46 8 613 46 35
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ii. Primary Dealers Contact Details

<table>
<thead>
<tr>
<th>FIRM</th>
<th>CONTACT</th>
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<tr>
<td>BARCLAYS</td>
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<tr>
<td></td>
<td><strong>5 The North Colonnade</strong></td>
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<td></td>
<td>Dick Soderberg</td>
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<tr>
<td></td>
<td>Trading</td>
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<tr>
<td></td>
<td>+44 (0)20 7773 8379</td>
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<td><a href="mailto:dick.soderberg@barcap.com">dick.soderberg@barcap.com</a></td>
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<td></td>
<td>Lee Cumbes</td>
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<td></td>
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<tr>
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<td>Soeren Moerch</td>
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<tr>
<td></td>
<td>Head of Government Bond Trading</td>
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<tr>
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<td>+45 45146973</td>
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<td>Lass Hoejlund</td>
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<td><a href="mailto:renos.dimitriou@rbs.com">renos.dimitriou@rbs.com</a></td>
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15. Sweden

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<tr>
<td>Delivery address: Sveriges Riksbank</td>
</tr>
<tr>
<td>Klara Östra kyrkogata 4</td>
</tr>
<tr>
<td>Brunkebergsfaret</td>
</tr>
<tr>
<td>Lastplats 6</td>
</tr>
<tr>
<td>Tel: +46 8 787 00 00</td>
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