



Criteria for participation

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Introduction

For each securities settlement system it operates a CSD shall have publicly disclosed criteria for participation which allow fair and open access for all legal persons that intend to become participants.¹

This document consists of requirements that constitute the criteria for becoming a participant in Euroclear Sweden (ES). These criteria are based on Euroclear Sweden *General Terms and Conditions Account Operations and Clearing (GTC) section A2-A7*² The same criteria are valid for any participant regardless of whether the applicant is a bank, broker, CSD, CCP or a trading venue. Some criteria are general and some are specific depending on the role applied for. The *Public procedure for access for participants* will give an overview of the procedure for access.

General criteria for participation

When processing an application, ES reserves the right, at the applicant's expense, to carry out necessary enquiries in order to be able to assess whether the applicant fulfils the requirements set forth in the ES Rules (General Terms and Conditions, the Euroclear Sweden Rules for Issuers and Issuers Agents, Special Resolutions, Product Specifications, Technical Interface and User Guide, including appendices belonging to these documents.)

For foreign applicants, ES will ensure that the ES Rules are enforceable in the applicable jurisdiction and for foreign applicants the enquiries may thus include a report concerning the applicant's legal status, the validity and enforceability of the ES Rules in the applicant's country of domicile as well as the possibility of enforcing the decision of a Swedish court or arbitration tribunal in the applicant's country of domicile.

Legal requirements

The requesting participant shall be able to comply with the legal requirements for the participation in the VPC system and shall provide ES with the information necessary to assess such compliance, such as legal opinions or legal arrangements. The requesting participant shall ensure, in accordance with the rules applicable in Sweden, the confidentiality of the information provided through the securities settlement system and shall provide ES with the information necessary, including any required legal opinions or legal arrangements.

Where a requesting participant is established in a country outside the EU, the requesting participant should be subject to a regulatory and supervisory framework comparable to the regulatory and supervisory framework that would be applicable to the requesting participant if it was established in the European Union, or the settlement finality directive should be enforceable in the jurisdiction of the requesting participant.

¹ CSDR Article 33, §1.

² <https://www.euroclear.com/dam/ESw/Legal/Rules-Participants-Terms-and-Conditions-Account-Operations.pdf>

Financial requirements

The requesting participant shall ensure that it holds sufficient financial resources to fulfil its contractual obligations towards ES.

Operational requirements

The requesting participant shall have the operational capacity to operate in a CSD. It shall also comply with the risk management rules of ES and have necessary risk management expertise. The requesting participant shall have a business continuity policy and disaster recovery plans in place.

The requesting participant shall ensure that the granting of access does not require ES to undertake significant changes in its operations affecting its risk management procedures and endangering the smooth functioning of the securities settlement system operated by ES, such as the implementation of on-going manual processing by ES.

General requirements for technical connection

Participants with a technical connection shall have at least one encrypted telecommunications connection distinctly owned by them, provided no other group within the same corporate group or equivalent group of companies with significant common economic interests has such connection. Such a communications link may thus be used by all participants in the same corporate group or group of companies.

Participants shall ensure that there are reliable back-up alternatives in the event of interruptions in operations or communications in the participant's technical system.

A participant who is not an account operator shall designate an account operator to carry out this communication for them.

Requirements for Account Operators

Legal requirements

A legal person that intends to access as an account operator shall fulfil the requirements set out in Chapter 3 Sections 1 – 6 c in the central securities depository and Financial Instruments Accounts Act (SFS 1998:1479)

Technical connection requirements

Account operators shall be connected to the VPC system in accordance with the special terms and conditions for technical communications, as set out in section about Technical connections, (GTC A 7).

Requirements for Issuer Agents

ES may grant access to an account operator to function as an issuer agent. As for issuing of debt instruments in the PM programme, the issuer agent is further required to be a clearing member in the PM sub-market.

The issuer agent shall have a well-suited organisation for its operations, in terms of, for example, management, routines and skilled personnel. An issuer agent shall have access to the requisite technical and legal expertise in order to be able to execute registration measures occasioned by an issue.

Requirements for Nominees

Legal requirements

A legal person that intends to access as a nominee shall fulfil the requirements in Chapter 3 Sections 7-10 in Financial Instruments Accounts Act (SFS 1998:1479)

Technical connection requirements

A nominee is responsible for maintaining well-functioning technical communications at all times between their own system and the VPC system

Requirements for Clearing Members

Legal requirements

A credit institution, investment firm, public authority, central counterparty, settlement agent or clearing house can access as a clearing member. For money market clearing, a clearing member shall utilise the services of a settlement bank which has been granted access by ES.

Technical connection requirements

Clearing members are responsible for maintaining well-functioning technical communications at all times between their own system and the VPC system.

Requirements for Settlement Banks

Legal requirements

An institution can access as a settlement bank. A legal person which, on the instructions of a clearing member and on its behalf, effects payments that are settled within the framework of ES' clearing and settlement operations, may be granted access by ES as a settlement bank.

As a settlement bank for payments in Swedish kronor, the institute shall be an authorised participant in RIX (The Riksbank's system for transfer of funds in Swedish kronor).

As settlement bank for payments in euro, the institute shall

- (1) be a participant in a payment system at a central bank and thereby have access to credit in euro;
- or

(2) by means of an agreement with a participant in such payment system, have access to credit in euros on terms that are effectively equivalent to those applying to participants in the system.

A settlement bank is responsible for ensuring that well-established functions, to the extent deemed necessary, exist within its own organisation to enable the handling of repos and credits, both on its own behalf and on behalf of its clearing members, as well as related security measures.

Technical connection requirements

A settlement bank is responsible for ensuring that well-functioning technical communications between the bank's technical system and the VPC system exist at all times for the registration and review of the settlement bank's payment obligations and the security aspects pertaining to such payment obligations.

Referenced documents

- Public procedure for Participation in Euroclear Sweden
- Euroclear Sweden General Terms and Conditions for Account Operations and Clearing