



Public Procedure for access to Euroclear Sweden - participants

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Introduction

Euroclear Sweden AB (ES) is a central securities depository (CSD) and has a central role in the Swedish financial system. A CSD shall treat requests for access promptly by providing a response to such requests within one month for a participant and three month for CSD links and other market infrastructure at the latest.

ES will respond within:

- one month for Clearing member, Issuer Agent and Settlement Bank requests,
 - three months for Nominee and
 - five months for Account operator,
- and assess new clients on the grounds of CSDR and three major areas:

- **Operational risk** - The requesting party shall have the operational capacity to operate in a CSD.
- **Legal risk** – The requesting party 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.
- **Financial risk** - The requesting party shall ensure that it holds sufficient financial resources to fulfil its contractual obligations towards ES.

The following roles are offered for participation and defined in our General Terms and Conditions for Account Operations and Clearing (GTC):

- Clearing member
- Account operator
- Issuer agent
- Nominee
- Settlement bank

The different roles have different criteria for affiliation; please consult *Criteria for Participation in Euroclear Sweden* and *Participation in Euroclear Sweden* for more information about our roles.

This document describes the procedure for access to Euroclear Sweden. The procedure is the same regardless of the type of client whether it is a participant, a CSD, a CCP or any type of other market infrastructure.

Procedure for access

The Procedure for Access consists of the following five steps:

Application Form

The applicant will send in their Application Form which initiates the access process. When ES receives an application, it will be assessed as to whether or not anything is missing or if there is need for clarification. A request for additional information in order to assess the legal, financial and operational risks or any other criteria will be sent to the applicant by email. This might be needed several times and during this process a continuous communication between the client and ES is essential.

Technical connection

Planning the technical set-up between the applicant and ES. *Appendix 1, Technical description* describes the technical options and the process when affiliating to Euroclear Sweden and specifies the information Euroclear Sweden requires from an applicant.

Training

Planning the training for the operational staff to secure operational readiness. At least 3 people should have the knowledge to work in the VPC-system. If staff has joined ES training in previous positions or otherwise can prove their experience, training might not be necessary. This will be decided by ES. ES offers tailor-made courses as well as scheduled courses open to all clients.

Testing

All requests for access will include testing appropriate to the roles applied for. Both the technical set-up as well as the operational capacity will be tested. A *Communication Form* is needed to add users to the test, and later on the production environment.

Information sharing

ES will share information with third parties where relevant:

- Inform the Swedish Financial Authorities (SFSA) when an applicant applies for the account operator role.
- Coordinate with the stock exchange when information regarding a new clearing member identity should be sent to the market, this date is decided together with the participant.
- When the application procedure is completed, inform all participants about the new participant in the CSD system.

When these steps are all completed ES will have a Decision committee meeting

Decision Committee

An internal Decision Committee which is made up of senior management from the Legal Department, Product Management, Operations and Commercial will take the formal decision to grant the participant access to ES.

When the technical set-up is ready and tested, trainings and testing for the operational staff is concluded, the decision committee will meet. During this meeting, the responsible Operational Client Manager will present the full scope of the application to the Decision Committee which will either approve or deny the access request. A formal notification of approval will be sent to the participant. If the requesting party is another CSD or CCP, the *Template for the response granting access* will be used and sent to the CSD/CCP. After that an *Access Agreement* will be sent to the client for mutual signing.

In the unlikely event of a denial, the reason for denial will be justified in writing and sent to the requesting party using *Template for refusal of access to a CSD*. If the requesting party then would like to complain about the refusal of access the *Template for the complaint for refusal of access to a CSD* will be needed and should be sent to the competent authority.

Granting access and go-live date

When the client has sent the signed access agreements back to Euroclear Sweden, access can be granted. The go-live date which is decided together with the client, will be communicated to the market. For Clearing Members, this date is also coordinated with the stock exchange.

The users who will be operating the VPC system will be set-up with access rights according to the roles applied for in the production environment.

Checklist – What to include in your application

- Application form
- Letter of intent, append information of the applicant's decision to apply for participation, for example an extract from the minutes of a meeting of the board of directors, or a letter of intent.
- Permits from a regulatory body specifying authorisation.
- Extract from the Trade Register.
- Articles of Association.
- Annual reports, three most recent and the most updated quarterly reports available.
- Business Continuity Plan.
- Copies of insurances (business and crime)
- Disaster recovery plan.
- Legal opinion (only for non-EU applicant)
- Policies and other relevant risk documentation.
- Technical description according to Appendix1.
- W-8IMY to specify the QI status

Referenced documents and templates

- Euroclear Sweden General Terms and Conditions for Account Operations and Clearing
- Application Form and instruction for participation in Euroclear Sweden
- Appendix 1, Technical description
- Participation in Euroclear Sweden
- Criteria for participation in Euroclear Sweden
- Communication Form, sent to the client by ES in order to grant access for users in the VPC system
- Templates
 - Template for request to establish a CSD link or for the request for access between a CSD and a CCP or a trading venue
 - Template for the response granting access following a request to establish a CSD link or a request for access between a CSD and a CCP or a trading venue
 - Template for the refusal of access to a CSD
 - Template for the complaint for refusal of access to a CSD