REPOCLEARING

CCP CLEARING OF SEK DENOMINATED REPOS

Facts about SEK denominated repos

Type of contract	Buy/sell-back of a specific security
Contract base	The nominal amount shall be one million Swedish Kronor for each specific security
Contract base value	Market value of the specific security (clean price + accrued interest) at start day
Buyer	The party who first buys and then sells the security
Seller	The party who first sells and then buys the security
Start day	The date of the repo's first settlement transaction shall be agreed to by the parties, at the earliest the transaction day and no later than the bank day before end day
End day	The date of the repo's second settlement transaction shall be agreed to by the parties, but no earlier than one bank days after transaction day and no later than one year after registration
Series term	Number of calendar days between start and end day
Clean price	The clean price of the specific security at start day shall be agreed to by the parties
Accrued interest	Refers to the specific security and is calculated as of start day
Repo interest rate	The repo interest rate shall be agreed to by the parties and be expressed with ACT/360 day count convention and as percentage with three decimals
Start consideration	(Clean price + Accrued interest as of start day) / 100 * Nominal amount
End consideration	Start consideration * (1 + r / 100 * days / 360)
Registration	No later than 19:15 CET on normal bank days. For repo transactions with series term "O/N" registrations must be received by the Clearing House no later than 13:00 CET
Settlement	Payment of start consideration and end consideration are to be settled on start day and end day respectively and in accordance with the clearing house instructions
Series term	O/N, T/N, S/N, T/W, S/W
Dealing of the coupon	For Buy/sell-back transaction applies the rule that if a coupon is paid between S1 and S2, e.g. on the coupon date, then the end consideration will be adjusted by the coupon amount + interest (repo rate) on coupon amount.

Market model

Buy-sell-back/Sell-buy-backs are concluded through bilateral negotiations between buyers and sellers, and reported to NASDAQ for central counterparty clearing. Novation, meaning where the Clearinghouse interposes itself between the buyer and the seller as a legal counterparty, takes place immediately when the trade legs are matched by at the CCP. Subsequently, there is no counterparty relationship between the buyer and seller; instead both parties have the Clearinghouse as counterparty.

Trade Registration

Trades can be registered via Q-PORT, FIX or OMnet API.
For more information about FIX and OMnet API, click here
Information about trade registration in Q-PORT can be found here.

Settlement

NASDAQ calculates the settlement amounts for both 1st (Start Consideration) and 2nd (End Consideration) leg of the transaction on the same time the repo transaction has been matched.

The Start Consideration, first settlement amount, is based on reported nominal amount, security, clean price and start day:

$$\boldsymbol{Start\ Consideration} = \frac{(\boldsymbol{Clean\ Price} + \boldsymbol{Accrued\ Interest\ for\ each\ specific\ security\ as\ of\ start\ day})}{\mathbf{100} * \boldsymbol{Nomina\ Amount}}$$

The End Consideration, second settlement amount, is based on the Start Consideration, days between start day and end day and the repo rate:

$$\boldsymbol{End\ Consideration} = \boldsymbol{Start\ Consideration} * (\mathbf{1} + \frac{\boldsymbol{r}}{\mathbf{100}} * \frac{\boldsymbol{d}}{\mathbf{360}})$$

Deliveries

Delivery of the underlying bonds in repos is done in EUROCLEAR Sweden AB (VPC) with NASDAQ as counterparty for both buyer and seller. The settlement instructions are registered by NASDAQ on a trade by trade basis continuously during the trading day, and are split automatically into 500 million trades if necessary.

Eligible Securities

Swedish government bonds, Swedish government T-bills, Swedish covered mortgage bonds and Swedish Municipals bonds. Only so called bullet maturities with zero coupons or securities with one fixed coupon per year will be accepted for clearing. Instruments included are published under the relevant categories at
http://www.nasdaqomx.com/transactions/trading/fixedincome/fixedincome/sweden/benchmarkbondspricingturnover

Series Names

Series will be designated by Security, repo style and repo period/start day and end day.

Example standardized maturities, buy/sell-back:

GB1052_BSB_TN Government Bond 1052, buy/sell-back style repo, T/N maturity

Example modified start and end day, buy/sell-back:

GB1052_BSB_20170802_20170915 Start day August 2nd end day September 15th

NASDAQ cleared repo transactions