

NASDAQ OMX STOCKHOLM OFFERS CLEARING OF 5 YEAR SBAB BOND FORWARDS

Facts

Contract type	Forward contract with a combination of cash settlement and delivery of underlying cash instrument at fixing
Contract base	Synthetic bond with SBAB as issuer and a maturity of five years at the expiration settlement day. The bond has an annual coupon of six percent
Contract base size	The nominal value of the underlying shall be SEK 1,000,000
Trading	Trades in SBAB bond forwards will be reached through bilateral negotiations between buyers and sellers, and reported to NASDAQ OMX for central counterparty clearing
Tick size	0.001
Price	Price expressed in accordance with the underlying cash instrument as effective interest rate with a 30E/360 day convention
Deliverable instrument	Bond issued by SBAB with a duration that deviates as little as possible, compared to the duration of the contract base at the expiration settlement day
Expiration months	March, June, September and December
Expiration settlement day	The third Wednesday of the expiration month
Expiration day/final day of trading	Four bank days prior to the expiration settlement day. Last time to registration is 12.00 CET on the expiration day
Expiration fix	Established at expiration day at 11.00 CET
Periodic settlement	Cash settlement of the difference between the trade price and the monthly fix takes place on the last bank day of each calendar month
Offsetting	No offsetting
Series term	Three months

Market model and central counterparty clearing

SB5 bond forwards are traded in the current market structure for Swedish interest rate derivatives. Trades in forwards will be reached through bilateral negotiations between buyers and sellers, and reported to NASDAQ OMX for central counterparty clearing. The market committed banks will also support trading in the contracts, which will occur outside the exchange system.

Contract settlement takes place through a bilateral negotiation between buyer and seller. Following settlement, the transaction is reported to NASDAQ OMX Stockholm for clearing. Novation, meaning when the exchange substitutes existing contracts with two new ones, in relation to the buyer and seller takes place when the settlement is matched and collateral has been placed. Subsequently, there is no counterparty relationship between the buyer and seller; instead both parties have the exchange as counterparty.

Contract base and settlement principles

The contract base is a synthetic bond SBAB as issuer and with a maturity of five years at the expiration settlement day and an annual coupon of six percent. The forward contract is a combination of cash settlement and delivery of underlying cash instrument.

In practice, no payment takes place between the buyer and seller when the contract is cleared; instead, each party receives/pays from/to the exchange (the clearing house).

Settlement and offsetting

All purchased and sold contracts are not offsettable against each other. This means that no net position is held against the clearing house.

Periodical settlement takes place on the last calendar day each month and cash settlement of the profit/loss is settled on the monthly cash settlement day.

Name standard

Contracts are listed by the short name SB followed relevant interest rate period (5) than letter designation for the expiration month.

Expiration month	Name
March	O
June	R
September	U
December	X