

Repo Clearing Of Dkk Repos

Nasdaq Clearing AB provides central counterparty clearing services for Repo transactions in bonds listed at Nasdaq Copenhagen.

Bonds that are eligible for Repo clearing are shown in the Repo List on the Nasdaq [web](#). The Repo clearing service covers bullet loans issued by the Danmarks Nationalbank including the treasury bills. The Service also covers bullet loan bonds and callable bonds issued by Nykredit Realkredit, Realkredit Danmark, Nordea Kredit, Jyske Realkredit and DLR Kredit. For a bond to be eligible for clearing it needs to have an outstanding amount of at least what is equivalent to 500 MEUR. The above mentioned Repo list will be updated continuously with bonds eligible for repo clearing.

The Repo clearing service will have five standard contracts for each bond; O/N, T/N, S/N, S/W and T/W. In addition to the standardized terms, tailor made trades within 12 months of the transaction day can also be cleared.

Facts about DKK denominated repos

Type of contract	Buy/sell-back or Sell/buy-back of a specific security
Contract base	The nominal amount shall be 1 000 000 Danish Kroner (DKK)
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
Transaction day	The day the repo transaction is Registered with the Clearing House
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 agreed to by the parties, but no earlier than one bank day after registration and no later than one year after registration
Series term	Number of calendar days as of start day to end day
Clean price	The clean price of the specific security at start day agreed to by the parties
Accrued interest	Refers to the specific security and is calculated as of start day
Repo interest rate	Refers to the repo interest rate agreed to by the parties and be expressed with ACT/360 day count convention and as percentage

Start consideration (SC)	(Clean Price + Accrued Interest on each specific security as of start day) / 100 * Nominal amount
End consideration (EC)	Start Consideration * (1 + r / 100 * d / 360)
Coupon Reinvestment days (d)	Number of days between the coupon payment and the End day of the repo
Adjusted End Consideration (AEC)	AEC is applicable when the coupon payment day of the specific security falls between Start day and End day

$$AEC = SC * (1 + r/100 * D/360) - \sum C * N(1 + r/100 * d/360)$$

Registration	08.30 – 19.15 CET on normal bank days. For repo transactions with Series Term “O/N” transactions must be received by the Clearing House no later than 15:00 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, S/W and T/W
Series Term for tailor made dates	Agreed upon by the parties and designated by STD and ED and takes place in accordance with the Clearing House’s instructions
Listing of series	New series are listed continuously
Series designation	Each Series shall be designated by the designation for the specific security, repo type and series term

Market model

Trades in the repo transactions will be reached through bilateral negotiations between buyers and sellers, and reported to NASDAQ Clearing AB for central counterparty clearing. Novation, meaning when the exchange substitutes existing contracts with 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.

Trade Registration

Trades can be registered via Clearing Workstation, FIX or OMnet API.

For more information about FIX and OMnet API, click [here](#)

Information about trade registration in Clearing Workstation 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:

$$SC = \frac{(CP + AI \text{ for each specific security as of start day})}{100 * N}$$

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

$$EC = SC * \left(1 + \frac{r}{100} * \frac{D}{360}\right)$$

Deliveries

Delivery of the underlying bonds in repos is done in VP Securities A/S (VP) 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.

Buy-in

If a Clearing Member has not fulfilled its obligation to deliver the relevant Deliverable Instruments on the applicable Settlement Day (S), the Clearing House shall send a notification to such Clearing Member stating its intention to perform buy-in as further described below (Buy-in Notification). If the failing Clearing Member has not delivered on S+3, the Clearing House shall, on behalf of the failing Clearing Member, make reasonable efforts to acquire the relevant Deliverable Instruments (Buy-in) and fulfill Physical Settlement under the corresponding, opposite Contract. Immediately upon being informed that the Clearing House will perform Buy-in, the failing Clearing Member shall cancel its original delivery instruction registered with the relevant CSD and delivery from such Clearing Member will not be accepted. To the extent it is not possible for the Clearing House to acquire Deliverable Instruments corresponding to the full original nominal amount, the Clearing House has the right to deliver a part of the original amount. If the failing Clearing Member indicates, at the time of the Buy-in Notification, that a delivery is likely to fail, the failing Clearing Member and the Clearing House may agree to start the Buy-in procedure immediately. All direct net costs, expenses and fees associated with the Buy-in incurred by the Clearing House will be debited against the failing Clearing Member (including, e.g. VP Securities A/S's fees for failed delivery)

Postponed Physical Settlement

If a Clearing Member fails to fulfill Physical Settlement and, where applicable, the Clearing House cannot complete a Buy-in of all or part of the Deliverable Instruments, the Clearing House has the right, both in relation to the Buyer and to the Seller and under the Contract as well as the corresponding, opposite Contract, to postpone settlement accordingly, subject to the following paragraphs. The Clearing House shall promptly inform Seller and Buyer of a decision to postpone settlement. A decision by the Clearing House to postpone Physical Settlement does not remove the failing Clearing Member's or Clearing House's liability to pay any delay fee in accordance with the Fee List. In the event of postponed Physical Settlement, the relevant Contract will be settled on the new settlement day, as determined by the Clearing House, with terms equivalent to the original Physical Settlement, i.e. same settlement amount, right to accrued interest, etc. The Clearing Members shall, following instructions from the Clearing House, immediately file a new delivery instruction to the relevant CSD with Physical Settlement on the Bank Day instructed by the Clearing House. If Physical Settlement has not occurred on S+8, Physical Settlement shall not occur and an amount corresponding to the higher of (i) five percent (5%) of the settlement amount on S and (ii) hundred and five percent (105%) of the latest available price on S+8 less the settlement amount on S of

the Instruments that should have been delivered, as determined by the Clearing House, shall be paid by the failing Clearing Member and credited to the relevant non-failing Clearing Member. All direct net costs, expenses and fees associated with the postponed Physical Settlement incurred by the Clearing House will be debited against the failing Clearing Member (including, e.g. VP Securities A/S's fees for failed delivery). In addition, all direct net costs, expenses and fees associated with the postponed Physical Settlement incurred by the non-failing Clearing Member will be debited against the failing Clearing Member (including, e.g. VP Securities A/S's fees for failed delivery), provided that the non-failing Clearing Member presents a claim to the Clearing House for such direct net costs, expenses and fees within five Bank Days calculated from the date of the postponed Physical Settlement. Any amount debited against the failing Clearing Member under this paragraph will be credited against the non-failing Clearing Member.

Eligible Securities

A list of eligible Danish Government and Mortgage bonds are available on Nasdaq WEB.

Market Committed Banks

- Danske Bank
- Jyske Bank
- Nykredit Bank
- Sydbank
- Nordea Bank