

Terms and Conditions  
for  
Account Management at Norges Bank  
  
Banks

1 January 2022

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## **1 Introductory provisions**

### **1.1 Legal basis etc.**

The *Terms and Conditions for Account Management at Norges Bank (NBO) – Banks*, hereafter referred to as the Terms and Conditions, regulate banks' access to accounts, deposits and loans from Norges Bank. The Terms and Conditions are laid down pursuant to Sections 3-1 and 3-3 of the *Act of 21 June 2019 No. 31 on Norges Bank and the Monetary System etc. (the Norges Bank Act)* and the *Regulation of 18 December 2019 No. 2025 on the access to borrowing and deposit facilities at Norges Bank*.

Provisions on insolvency have been laid down pursuant to the *Act of 17 December 1999 No. 95 on Payment Systems etc.*, the *Act of 26 March 2004 No. 17 on Financial Collateral*, and the *Act of 10 April 2015 No. 17 on Financial Institutions*.

The provisions relating to the Scandinavian Cash Pool arrangement are based on separate agreements between Norges Bank and Danmarks Nationalbank and Sveriges Riksbank respectively.

The bank commits to complying with these Terms and Conditions by completing, signing and submitting to Norges Bank the *Form on Account Management at Norges Bank (NBO) – Banks*.

Norges Bank lays down the following supplementary provisions to these Terms and Conditions:

- The operating schedule for Norges Bank's settlement system (NBO)
- Prices and fees in Norges Bank's settlement system (NBO)

### **1.2 Scope**

These Terms and Conditions apply to the establishment and use of the bank's accounts with Norges Bank and the bank's participation in Norges Bank's settlement system (NBO). These Terms and Conditions also apply to any assets pledged by the bank as collateral for its loans from Norges Bank and Norges Bank's right to perform close-out netting and realise the collateral. Furthermore, these Terms and Conditions apply to the bank's collateral for its own or another bank's loans within the Scandinavian Cash Pool arrangement.

### **1.3 Changes to the Terms and Conditions**

Norges Bank may change the Terms and Conditions or the supplementary provisions mentioned in Section 1.1. The changes will normally enter into force with at least one (1) month's notice, except prices and fees, which will be notified two (2) months before entry into force. If Norges Bank deems it necessary, changes may be made on shorter notice.

Major changes to the Terms and Conditions and the supplementary provisions will be circulated for comment before they are laid down.

Norges Bank will publish the changes by circular.

## 1.4 Definitions

Bank means a commercial or savings bank domiciled in Norway, a branch in Norway of a bank or credit institution not domiciled in Norway, or a bank or credit institution authorised to market and provide services in Norway from another EEA state, without a branch in Norway (cross-border activities).

Bits means Bits AS as the operator of NICS pursuant to the *Act of 17 December 1999 No. 95 on Payment Systems etc.*

Clearing means the netting of single payments to calculate net payment positions.

Clearing system means a system for calculating net payment positions.

Collateral means assets that a bank has pledged as collateral for loans from Norges Bank and for its own loans or another bank's loans under the SCP arrangement.

Collateral account means deposits in a non interest-bearing account at Norges Bank that the bank has pledged as collateral for its own or another bank's borrowing from Danmarks Nationalbank and/or Sveriges Riksbank under agreements on the Scandinavian Cash Pool (SCP) between Danmarks Nationalbank, Sveriges Riksbank and Norges Bank.

Contingency account means a passive account that does not provide access to borrowing and deposit facilities at Norges Bank until it has been activated.

Enhanced contingency mechanism means the *Market Infrastructure Resiliency Service (MIRS)* operated by SWIFT, which can replace the main functions of NBO in the event of an operational crisis.

Gross payment order means a payment order between two account holders in NBO.

Gross settlement means settlement of a gross payment order.

Insolvency proceedings mean a situation whereby a bank is wound up under public administration or equivalent procedure in accordance with current home state legislation.

Initiation of insolvency proceedings means the time the relevant judicial or administrative authority made its decision on insolvency proceedings.

Loan account means a bank account at Norges Bank in which the bank's D-loans are registered.

LOM account (Liquidity Optimisation Mechanism) means a sub account to the primary account, used to settle payment orders. The use of the following LOM accounts are regulated by these Terms and Conditions:

- VPO LOM is used to settle payment orders cleared in VPO NOK.

- CLS LOM is used to settle payment orders between the bank and CLS from foreign exchange trading.
- Straks LOM is used as collateral for settlement of payments between participants in NICS Real and for settlement of such payments in NBO.
- NBO LOM is used to settle all other payment orders.

Net settlement means the settlement of a clearing received from a clearing system.

NBO (*Norges Bank's settlement system*) means Norges Bank's system for account management and settlement of payment orders.

NBO Online means Norges Bank's online information and transaction system for a bank's access to its accounts in NBO.

NICS (*Norwegian Interbank Clearing System*) means the banks' interbank system for clearing and submission of payment orders. NICS has the following main functions:

- NICS Net clears payments between the banks and sends a net payment position for each bank to a settlement bank. In Norges Bank, the payment positions are settled on each bank's NBO LOM account.
- NICS Gross sends single payment orders to Norges Bank for settlement on each bank's NBO LOM account.
- NICS Real clears instant retail payments between the banks and sends a net payment position for each bank to a settlement bank. In Norges Bank, the payment positions are settled on each bank's Straks LOM account.

Operator means an institution responsible for operating a clearing or settlement system.

Operating schedule for NBO means the regular daily activities of the settlement system, including opening and closing times and deadlines for the payment settlements.

Payment order means an order to settle a payment, including a net payment position stemming from a clearing.

Payment settlement means settlement of a payment order.

Primary account means the bank's account at Norges Bank in which the bank's deposits are registered overnight.

Realisation means to sell securities that are pledged as collateral and to take possession of deposits in a collateral account.

Real liquidity means funds available to a bank in NICS Real for the execution of instant retail payments.

Scandinavian Cash Pool (SCP) means the arrangement whereby Danmarks Nationalbank, Sveriges Riksbank or Norges Bank extend loans to a bank against collateral in the form of the bank's deposits in a collateral account at one of the other two central banks.

Securities settlement means the settlement of the cash leg of positions in clearings from Verdipapirsentralen ASA (VPS).

Settlement means the final transfer of funds between banks and between banks and other account holders in NBO.

Settlement account means the primary account and one or more sub accounts (LOM accounts) in NBO used to settle payment orders and of which a bank has the right of disposal.

Settlement bank means a bank that settles payment orders with finality for another bank.

Settlement date means each weekday from Monday until Friday inclusive except public holidays and Christmas Eve. The settlement dates for each year are published on Norges Bank's website.

Settlement day (*Business day, cf. the Act of 17 December 1999 No. 95 on Payment Systems etc.*) means from the date and time NBO is closed for settlement on a settlement date until the time NBO is closed for settlement the following settlement date.

Sufficient funds mean that there are funds available to settle a payment order by debiting the account that is specified in the payment order. Available funds in the primary account may be deposits and unutilised access to loans, while in a LOM account available funds may only be in the form of deposits.

SWIFT bank means a bank that participates in SWIFT and can send and receive SWIFT messages.

Test key means a digital code issued by Norges Bank in order to verify orders from the bank to Norges Bank in contingency situations.

VPO NOK means the securities settlement system in VPS for clearing and settlement of trades in financial instruments in Norwegian kroner (NOK).

VPS means Verdipapirsentralen ASA (the Norwegian Central Securities Depository).

## **2 Account management, user administration etc.**

### **2.1 Opening, change and termination of account**

The bank may request Norges Bank to open a settlement account or a contingency account by submitting an application including a completed *Form for account management at Norges Bank (NBO) – Banks*. This form is also used to notify changes to or termination of an account.

The bank shall notify Norges Bank of changes to company structure, mergers or demergers no later than one (1) month before the change becomes effective. Norges Bank may, on reasonable grounds, terminate its account management for a bank effective from the time the change becomes effective.

## **2.2 Settlement account**

A bank with a settlement account at Norges Bank shall use NBO Online to monitor the execution of all payment settlements in NBO in which the bank participates.

The bank manages its accounts at Norges Bank by using NBO Online or by submitting SWIFT messages. Registration of payment orders in NBO Online must be verified by another user in the bank before they can be settled in NBO.

The bank shall have internal procedures for its use of NBO Online and registration of payment orders that are submitted via SWIFT to avoid unauthorised access that could cause operational disruptions, financial loss or other negative consequences including violation of integrity or confidentiality.

The bank shall ensure that employees using NBO Online on behalf of the bank are familiar with the rules and procedures for participation in NBO, including the user manual for NBO Online.

The bank shall notify Norges Bank of the bank's contact persons for operational liquidity management and for collateral pledged for loans from Norges Bank by submitting a completed *Form for contact persons – Norges Bank's settlement system (NBO)*.

## **2.3 User administration for NBO Online**

The bank shall appoint and at all times have at least one user manager authorised to manage the bank's NBO Online users. The *Form for user manager – NBO Online* shall be used to notify Norges Bank of the appointment of the user manager and of any changes.

The user manager shall allocate user rights to each user at the bank and notify Norges Bank of new users, changes in user rights or cancellations of users without undue delay and also inform Norges Bank of any users on leave of absence.

User rights are personal and shall not be shared with others. The *Form for user rights – NBO Online* shall be used to notify Norges Bank of new users, change user rights or cancel users.

The user manager shall ensure that security codes and code tokens are stored safely and in accordance with the bank's security requirements.

The number of users of NBO Online shall be limited to those who actively use the system or those who are required to use the system in a contingency situation. Norges Bank will deactivate the access to NBO Online for users that have not been logged on to the system for the previous six (6) months.

The user manager shall confirm, at Norges Bank's request, the names of the employees at the bank that have user rights to NBO Online.

#### **2.4 Account information, duty to inform and daily account reconciliation**

Norges Bank shall inform the bank through NBO Online of payment orders settled on the bank's accounts and account statements for each account. Norges Bank may also inform the bank of settlements and account statements via SWIFT.

The bank shall on a daily basis reconcile its accounts in NBO.

#### **2.5 Test of system changes and new versions**

When requested by Norges Bank, the bank shall participate in tests of system changes and new versions of system solutions for NBO. Norges Bank shall inform the bank of the time and other practical matters in good time before the test is conducted.

#### **2.6 Duty of confidentiality**

The bank's employees have a duty of confidentiality with regard to information they acquire via management of the bank's accounts at Norges Bank relating to other parties' business or personal affairs, unless otherwise specified in legislation. A bank is obliged to inform all relevant employees about the duty of confidentiality. The same applies to others who provide services to the bank.

The duty of confidentiality does not prevent the parties from providing the information considered necessary for Norges Bank to be able to perform its tasks as settlement bank for the bank. Nor does the duty of confidentiality prevent Norges Bank from notifying agents, such as clearing houses and central counterparties, who submit payment orders to Norges Bank on behalf of several institutions, about changes in the bank's participation in NBO. The same applies to messages from NBO to VPO concerning the balance on the bank's VPO LOM account and messages from NBO to NICS Real concerning the balance on the bank's Straks LOM account.

If one or more banks have insufficient funds for their payment position in a clearing to be settled in NBO, Norges Bank may report the banks that have insufficient funds to the operator of the clearing system. Norges Bank may also inform the operator of a clearing system about termination, suspension and restriction on banks' borrowing access as well as closure of accounts at Norges Bank.

### **3 Payment settlements**

#### **3.1 Deadlines for payment orders**

Payment orders with same-day settlement must be received by NBO before the settlement closing time for the relevant account in accordance with the operating schedule for NBO. The bank shall specify the settlement date for settlement of payment orders and may specify the time of settlement on the settlement date.

### **3.2 Time of payment order entry and settlement finality**

A payment order is regarded as entered in NBO and settled with finality when it has been debited from one of the bank's accounts with Norges Bank. Norges Bank, the bank or a third party may not recall the payment order after this time.

A payment order stemming from a clearing in VPO NOK is regarded as entered in NBO at the time it is matched in VPO NOK. Norges Bank, the bank or a third party may not recall the payment order after this time. Such payment orders are settled with finality when they have been debited from the bank's VPO LOM account and the deposit on this account is at the bank's disposal.

A payment order stemming from a clearing in NICS Real is regarded as entered in NBO at the time NICS Real credits the real liquidity of the payment receiver's bank. Norges Bank, the bank or a third party may not recall the payment order after this time. Such payment orders are settled with finality when they have been debited from the bank's Straks LOM account.

### **3.3 Direct participation in settlement of clearings in Norges Bank**

A bank that is a direct participant in settlement of clearings in Norges Bank must be a SWIFT bank. Norges Bank may in special cases grant exemption from this requirement upon application by the bank. Norges Bank may lay down further terms and conditions for such exemption.

### **3.4 Settlement in Norges Bank of payment orders from NICS**

The bank accepts that payment orders from NICS may be debited and credited the bank's accounts at Norges Bank.

A bank that participates directly in settlement of clearings in Norges Bank shall be staffed and monitor the execution of payment settlements from 7 am until NBO is closed for settlement of payment orders the same settlement date.

Payment orders that have been entered in NICS Real before the initiation of insolvency proceedings by the bank, may be executed according to their contents. The same applies to payment orders that have been entered in NICS Real after the initiation of insolvency proceedings, but before Bits became aware of, or should have become aware of the initiation of insolvency proceedings.

Deposits in the bank's Straks LOM account at the time of initiation of insolvency proceedings by the bank may be used for settlements during the corresponding settlement day. The same applies to deposits credited the Straks LOM account of the bank in question pursuant to payment orders from NICS Real after the initiation of insolvency proceedings, but before Bits became aware of, or should have become aware of the initiation of insolvency proceedings.

The bank shall notify Norges Bank of any change in its participation in NICS that will affect the bank's participation in payment settlements in NBO by submitting the *Form*

*for account management at Norges Bank (NBO) – Banks.* The form shall be received by Norges Bank at the latest one (1) week before the change becomes effective.

The requirement of one week's notice to Norges Bank of changes in a bank's participation in NICS does not apply in situations where the bank must rapidly switch settlement bank. In such situations, the bank may use Norges Bank as its settlement bank from the time Norges Bank has implemented the change.

### **3.5 Settlement in Norges Bank of payment orders from VPS**

The bank accepts that payment orders from VPS can be debited and credited the bank's VPO LOM account at Norges Bank.

Before settlement of each clearing, the bank shall transfer funds to its VPO LOM account by the deadlines set out in the operating schedule for NBO. The bank does not have rights of disposal of the funds in its VPO LOM account in the periods stated in the operating schedule. The execution of the securities settlement requires that each participant in the settlement has available funds in the form of deposits in its VPO LOM account.

Payment orders that have been entered in VPO NOK before the initiation of insolvency proceedings by the bank, may be executed according to their contents. The same applies to payment orders that have been entered in VPO NOK after the initiation of insolvency proceedings, but before the initiation of insolvency proceedings came to, or should have come to, the knowledge of VPS.

Deposits in the bank's VPO LOM account at the time of initiation of insolvency proceedings by the bank may be used for settlements during the corresponding settlement day. The same applies to deposits credited the VPO LOM account of the bank in question pursuant to payment orders from VPO NOK after the initiation of insolvency proceedings.

### **3.6 Settlement of payment orders**

If the bank has not specified a time of settlement, Norges Bank shall settle payment orders in the bank's accounts in the order they are received.

In the event of insufficient funds in a NBO LOM account, the following priorities apply to the settlement of payment orders:

1. Interest on fixed-term loans (F-loans) and settlement of foreign exchange trades with Norges Bank.
2. Clearings from NICS Net.
3. Gross payment orders from the bank and payment orders from Norges Bank except settlement of foreign exchange trades with Norges Bank.

The bank may give priority to one gross payment order over another gross payment order in a queue, but may not give priority to a gross payment order over a clearing in a queue.

The bank shall have sufficient funds for settlement of its payment orders and other obligations by the deadlines specified in the operational schedule for NBO. Payment orders to be debited from the primary account will be rejected immediately if there are insufficient funds in the account.

Norges Bank may reject a clearing if there are insufficient funds or if requested to do so by the operator of the clearing system. This applies even if the deadlines in the operating schedule for NBO have not been exceeded. Norges Bank may settle a clearing that replaces the rejected clearing.

Norges Bank will reject a clearing or a gross payment order if there are insufficient funds in the bank's LOM account at closing time for the relevant account.

In the event of severe operational disruptions with reduced availability or capacity in NBO, Norges Bank may deviate from the provisions in the first and second paragraph. Clearings, payments to CLS Bank and other gross payment orders that are important for payment settlements to be completed, will be given priority.

### **3.7 Right to debit and credit accounts**

Norges Bank is entitled to debit the bank's accounts on the basis of payment orders received in accordance with these Terms and Conditions. The same applies to claims Norges Bank has on the bank as a result of its borrowing from Norges Bank and its participation in NBO, including prices and fees. For deposits in the bank's VPO LOM account and Straks LOM account, Norges Bank's rights according to the second sentence only apply to the extent there are available funds in the account by the end of the settlement day on which insolvency proceedings were initiated.

### **3.8 Correction of incorrect entries in an account**

If Norges Bank has credited an account or an amount incorrectly, Norges Bank may correct the error and notify the bank provided that the correction is made before the end of the third settlement day after the error occurred. If the correction is made later, Norges Bank shall obtain written consent from the bank in advance.

If Norges Bank has debited the bank's accounts incorrectly, Norges Bank shall correct the error without undue delay.

## **4 Contingency**

### **4.1 Contingency account**

A bank that does not have a settlement account may request a contingency account at Norges Bank. The contingency account is inactive until it is activated by Norges Bank. An inactive contingency account cannot be used to make deposits, raise loans or take part in payment settlement.

For the contingency account to be activated by Norges Bank, the bank must submit a *Form for account management at Norges Bank (NBO) - Banks*. Norges Bank will

activate the contingency account as soon as this request has been received and approved.

A refusal by Norges Bank to approve a bank's request for activation of a contingency account must have reasonable grounds.

An activated contingency account gives a bank access to borrowing and deposit facilities. The bank has right of disposal of its contingency account from the time the account is activated and until it is deactivated or a settlement account is established. The bank submits payment orders to Norges Bank by use of a contingency solution in accordance with Section 4.3.

At the latest fourteen (14) calendar days after the contingency account has been activated, the bank shall notify Norges Bank whether it wishes to deactivate the contingency account, open a settlement account or close its accounts. This is done by submitting the *Form for account management at Norges Bank (NBO) - Banks*.

#### **4.2 Enhanced contingency mechanism**

If Norges Bank activates the enhanced contingency mechanism for NBO (MIRS), Norges Bank shall notify the bank in advance.

On request, the bank shall confirm the correct balance on its accounts with Norges Bank.

Upon activation of the enhanced contingency mechanism, all payment settlements, except settlement of cleared payment positions from NICS Real, will be executed in one account for each bank. The contingency mechanism does not provide the option to reserve funds for specific payment settlements except for settlement of payments in NICS Real.

Changes in the bank's borrowing access will be made manually by Norges Bank and normally only at maturity of collateralised securities and when new collateral is registered.

SWIFT banks shall submit payment orders to Norges Bank via SWIFT as usual and will receive account statements as SWIFT messages. SWIFT banks will have access to monitor the execution of its payment orders in a user interface via SWIFT WebAccess.

Banks that are not SWIFT banks must submit payment orders to Norges Bank by using a contingency solution in accordance with Section 4.3. These banks will not have access to monitor the execution of their payment orders in the enhanced contingency mechanism. When the use of the contingency mechanism has been terminated, Norges Bank shall submit an account statement to the bank for the period the contingency mechanism was active.

When the enhanced contingency mechanism is active, interest on loans and deposits in the settlement account will only be debited and/or credited the bank's account in connection with month-end and when the use of the contingency mechanism has been terminated and the ordinary settlement system again is in operation. Interest on fixed

term loans (F-loans) and fixed term deposits (F-deposits) will be debited and credited as normal.

When the enhanced contingency mechanism is active, banks participating directly in settlement of clearings in Norges Bank must be staffed and shall monitor the execution of payment settlements from 7 am until NBO is closed for settlement of payment orders the same settlement date.

#### **4.3 Contingency solution by use of test key etc.**

In contingency situations, the bank may, with Norges Bank's consent, make use of the funds in its accounts by submitting orders to Norges Bank in the form of e-mail or telefax with a test key or by letter signed by authorised signatories. In this way, the bank may submit payment orders to Norges Bank, orders to debit its accounts for withdrawal of notes and coins from Norges Bank and request Norges Bank to release collateralised securities.

The bank is committed by orders with a correct test key as mentioned in the first paragraph. This means that Norges Bank is committed to execute the orders and debit the bank's accounts without further controls. Norges Bank will not automatically confirm the receipt of orders to the bank.

Norges Bank will issue test keys to the bank when opening an ordinary account and otherwise when needed. The bank is obliged to keep the test key in a safe manner to prevent unauthorised use.

Norges Bank does not accept responsibility for errors or delays stemming from problems in sending orders from the bank to Norges Bank in accordance with Section 4.3.

#### **4.4 Contingency exercises**

The bank shall take part in NBO contingency exercises initiated by Norges Bank. If a contingency exercise has been announced, Norges Bank shall inform the bank of the time the exercise will be held and provide other practical information in good time before the exercise takes place. In cases where participants should not know the exact time of an exercise, Norges Bank shall provide information on the planned time period for the exercise in good time.

### **5 Collateral for loans**

#### **5.1 Access to loans**

To access borrowing facilities at Norges Bank, the bank must sign and submit to Norges Bank the *Form for account management at Norges Bank (NBO) – Banks* and completing Section D *Borrowing from Norges Bank* and Section E *Declaration of collateral – Collateral for loans from Norges Bank*.

If the value of the bank's loans and accrued interest or fees exceeds the borrowing value of the collateral, Norges Bank may require a bank to increase its collateral. In such

cases, Norges Bank may also claim a bank's ordinary deposits at Norges Bank as collateral.

## **5.2 The bank's right of disposal**

Assets that the bank has pledged as collateral for loans from Norges Bank cannot be utilised as collateral in relation to a third party.

Securities pledged as collateral, can only be released by Norges Bank.

## **5.3 Norges Bank's right of disposal**

Norges Bank may only utilise the collateral to enforce the claims specified in the *Form for account management at Norges Bank (NBO) – Banks*, Section E. The collateral shall be realised in accordance with the provisions in Sections 5.7 – 5.10.

## **5.4 Instalment, redemption and maturity**

Disbursements in connection with instalments, redemption or the maturity of securities pledged as collateral for loans from Norges Bank are included in Norges Bank's security interest and shall be credited to an account specified by Norges Bank. Securities pledged as collateral do not give access to loans from Norges Bank on the settlement day before the day of redemption or maturity.

For securities pledged as collateral and held by Euroclear Bank SA/NV or Clearstream Banking SA, the bank shall request release of the pledged securities no later than on the settlement day before the day of maturity. In the event of instalment or redemption of a security (ISIN), this provision applies correspondingly for the entire pledged holdings of the security in question.

## **5.5 Right of disposal of interest on pledged securities**

The bank has the right of disposal of interest disbursed on securities pledged as collateral in favour of Norges Bank.

## **5.6 Collateral held by Euroclear Bank SA/NV or Clearstream Banking SA**

The bank must submit a request to Norges Bank to register or release securities pledged as collateral and held by Euroclear Bank SA/NV or Clearstream Banking SA by a deadline appearing in the operating schedule for NBO. Requests received after the deadline on a settlement day or requests with a backdated settlement date will be automatically rejected. In such cases, the bank shall cancel corresponding instructions registered in Euroclear Bank SA/NV or Clearstream Banking SA.

For pledges or releases of securities that have not been transferred in the central securities depository by the deadline stated in the first paragraph, the bank shall also notify Norges Bank by telephone (+47 22 31 66 60) or e-mail (SIL@norges-bank.no). The bank must also ensure that such requests to the CDS have been cancelled.

If Norges Bank is charged a cash penalty owing to the circumstances of the bank, including that the bank has acted in contravention of the provisions of the first and second paragraph, Norges Bank will debit the bank's account in the amount of the penalty in question.

#### **5.7 Default and winding up under public administration etc.**

Within the scope of these Terms and Conditions and provisions in the *Form for account management at Norges Bank (NBO) - Banks*, cf. Section E *Declaration of collateral – Collateral for loans from Norges Bank*, Norges Bank has the right to enforce its claims against the bank by performing close-out netting and to take possession of and to realise the collateral in full or in part, if

- a. the bank defaults on its obligations to Norges Bank relating to the repayment of loans or payment of interest on loans,
- b. the bank defaults on its obligations to Norges Bank to increase its collateral if the sum of loans and accrued interest exceeds the borrowing value of the collateral,
- c. insolvency proceedings against the bank have been decided,
- d. Norges Bank has decided to suspend or limit the bank's access to loans in accordance with the provisions of the *Regulation on the access to loans and deposit facilities at Norges Bank*.

#### **5.8 Utilisation of the bank's funds to enforce claims**

If at least one of the conditions in Section 5.7 exists, Norges Bank may enforce its claims against the bank by utilising the bank's deposits with Norges Bank, including ordinary deposits and fixed term deposits (F-deposits).

#### **5.9 Loans within the Scandinavian Cash Pool**

##### *Loans from Norges Bank*

Norges Bank may extend intra-day loans to the bank against collateral in the form of specific deposits with Danmarks Nationalbank or Sveriges Riksbank within the SCP. Such collateral may be pledged by the bank itself or by another bank.

Upon receipt of confirmation from Danmarks Nationalbank or Sveriges Riksbank on the bank's deposits on a specific collateral account, Norges Bank will increase the bank's credit limit accordingly after recalculation and a haircut.

Loans from Norges Bank to the bank against collateral in the form of specific deposits in Danmarks Nationalbank or Sveriges Riksbank within the SCP shall be returned the same settlement day and by the deadline stated in the operational schedule for NBO.

The collateral will be released when the bank has repaid its loan from Norges Bank. In the event of partial repayment, the collateral will be released correspondingly.

If the bank does not repay its loan by the deadline laid down by Norges Bank, Norges Bank will impose a fee on the bank in accordance with the current prices and fees in NBO. The fee will be debited from the bank's account with Norges Bank.

### *Loans from Danmarks Nationalbank or Sveriges Riksbank*

The bank's access to loans from Danmarks Nationalbank and/or Sveriges Riksbank within the SCP is regulated by the terms and conditions for the settlement systems of the two central banks (KRONOS and RIX respectively).

If the bank has pledged collateral in Norges Bank for loans from Danmarks Nationalbank or Sveriges Riksbank within the SCP Norges Bank may disburse deposits from the bank's collateral account on demand of Danmarks Nationalbank or Sveriges Riksbank.

If the bank does not repay its loans from Danmarks Nationalbank and/or Sveriges Riksbank within the SCP, so that the bank's deposits on its collateral account with Norges Bank is not released by the deadline that applies to such releases, Norges Bank will impose a fee on the bank in accordance with current prices and fees in NBO. The fee will be debited to the bank's account with Norges Bank.

Norges Bank is not entitled to enforce its claims against the bank by netting against the bank's deposits in its collateral account at Norges Bank that are pledged as collateral for loans from Danmarks Nationalbank and/or Sveriges Riksbank.

#### **5.10 Invalidation of collateral**

Funds deposited in the bank's accounts and the bank's collateral pledged in favour of Norges Bank may not be invalidated pursuant to Section 5-7 of *the Creditors Recovery Act*, cf. Section 4-4 of *the Payment Systems Act etc.* and Section 5 of *the Financial Collateral Act*.

#### **5.11 Realisation of collateral etc.**

If at least one of the conditions in Section 5.7 exists, Norges Bank may without delay and without further consent from the bank or from the administrator/estate realise collateral registered in a central securities depository in Norway or abroad. The same applies to deposits pledged as collateral for loans from Norges Bank at Danmarks Nationalbank and/or Sveriges Riksbank. To realise such deposits Norges Bank will request Danmarks Nationalbank or Sveriges Riksbank to disburse the collateral to Norges Bank.

Norges Bank shall only utilise the collateral to enforce the claims specified in the *Form for account management at Norges Bank (NBO) – Banks*, cf. Section E *Declaration of collateral – Collateral for loans from Norges Bank*. Norges Bank shall notify the bank or administrator/estate before the collateral is realised.

Valuation, realisation and, if applicable, close-out settlement between the bank and Norges Bank shall be executed on commercially reasonable terms. For deposits pledged as collateral at Danmarks Nationalbank and/or Sveriges Riksbank, the close-out settlement shall be based on the foreign exchange rate obtained from an independent broker at the time of realisation of the collateral.

By signing the *Form for account management at Norges Bank (NBO) – Banks* and completing Section E *Declaration of collateral – Collateral for loans from Norges Bank*, the bank grants Norges Bank the irrevocable authority to give the registrars for securities, central securities depositories and brokers the instructions necessary to realise the collateral.

## **5.12 Tax liability and tax reporting**

The bank is responsible for the correct completion and timely reporting of documents related to tax liability and tax reporting etc. If required, the bank must submit the relevant documents to Norges Bank for signature and submission to the relevant recipients.

## **6 Other provisions**

### **6.1 Liability for losses**

Norges Bank is liable for loss of interest if Norges Bank executes an erroneous or delayed credit or debit on a bank's accounts.

Norges Bank is not liable for direct losses other than loss of interest if Norges Bank establishes that the error or delay is due to an obstacle beyond the control of Norges Bank and which Norges Bank could not reasonably have been expected to take into account at the time the account became active or avoid or overcome the consequences of at a later time. Exemption from liability applies as long as the obstacles exist.

Norges Bank is not liable for indirect losses unless the loss is a result of an error or a delay caused by gross negligence or intent on the part of Norges Bank.

### **6.2 Limitation of Norges Bank's liability**

If the bank has contributed to the error or delay, Norges Bank's liability under Section 6.1 may be limited or cease to apply.

### **6.3 Notification to EFTA Surveillance Authority**

Norges Bank may provide the EFTA Surveillance Authority (ESA) with such information about the bank as is necessary to meet the notification requirements under Section 4-5 of the *Payment Systems Act etc.*

## **7 Termination and cancellation**

The bank may terminate its accounts with Norges Bank on one (1) months' written notice. Termination by Norges Bank may be executed with immediate effect and requires reasonable grounds.

In the event of a material breach of these Terms and Conditions, either party may suspend the account management at Norges Bank for a specified period or terminate it with immediate effect.

Account management for the bank at Norges Bank will be terminated with immediate effect if insolvency proceedings against the bank have been decided. However, the termination is without prejudice to the provisions regarding NICS Real in Section 3.4, settlement of payment orders from VPS in Section 3.5 and collateral for loans in Chapter 5.

## **8 Choice of law and dispute resolution**

The parties' rights and obligations under these Terms and Conditions are regulated by Norwegian law.

These Terms and Conditions and the *Form for account management at Norges Bank (NBO) – Banks* are available in Norwegian and English. In case of discrepancy between the Norwegian and English text, the text in Norwegian applies.

The parties shall attempt to resolve any disputes arising from these Terms and Conditions by negotiation. If a dispute is not resolved within three (3) months, the dispute shall be referred to the ordinary courts. In such an event, the case will be brought before the Oslo District Court.

## **9 Entry into force**

These Terms and Conditions enter into force as decided by Norges Bank.