Please note that M10-M15 cannot be carried out in the training environment.

If you wish to do M6 please contact k2sectortestsupport@nationalbanken.dk
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PLEDGE AND WITHDRAW
EXERCISE M1: PLEDGE SECURITY

Exercise: The purpose of this exercise is to pledge a security to the collateral account at VP.

Step A: Open the GCSD module

1. Click on GCSD in the top menu bar

Step B: Place a pledge request

1. Click on Securities operations in the top menu bar:

2. Select Pledge/withdraw

3. The following window is displayed:
4. Press **Request Pledge/Withdrawal**

5. The following request window opens:

   ![Request Pledge/Withdrawal window](image)

   **Request Pledge/Withdrawal – Add.** Fill in the following fields:
   - **Request type**: Pledge
   - **ISIN**: DK0009918138
   - **Nominal amount**: DKK 1,000,000
   - **Change reason** (mandatory for reference purposes): e.g. Pledge test

6. Press **Submit**

7. You are sent back to the **Pledge/Withdraw** screen

8. A message with the information **Capture successful** is shown

9. Verify that the request has status **Submitted**

10. Wait a few minutes and press the F5 button to update your screen
EXERCISES

12. Verify that the pledge request has changed status to **Successful**

![GCSD Pledge Withdrawal Screen]

**Note:** Due to a test environment there is no integration to our collateral management system and therefore the pledge status will not change from Submitted to Successful.

**STEP C:** Verify that the pledge has been updated correctly as collateral in the RTGS module. This can be verified by either viewing the bank's collateral list or by generating a report showing the bank's collateral utilisation.

1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

![RTGS Module]

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select **CF003 – Bank's collateral list**:

![Collateral List]

4. Choose **FSVD**. Use the current FSVD which is set as default.
5. Press **submit**

6. A new window will open showing the bank's collateral list:

![Collateral List](image)

7. Verify that the collateral list includes a reserved **CMS** of DKK 1.000.000 and the similar amount under **Collateral available**.

8. Press **back** to return to the main menu

9. Now select the report **CF004 – Collateral utilisation**:

![CF004 Report](image)

10. Choose **FSVD**. Use current FSVD, which is set as default.

11. Press **submit**
12. A report of the participant's collateral utilisation is opened:

13. Check that CMS of DKK 1,000,000 has been reserved by looking at the Entry change amount and Change type.

14. Press back to return to the main menu.

End of exercise
EXERCISE M2: WITHDRAW SECURITY

Exercise: The purpose of this exercise is to withdraw a security from the collateral account at VP.

Step A: Place a withdraw request

1. Click on **Securities operations** in the top menu bar:

2. Select **Pledge/withdraw**

3. The following window is displayed:

4. Press **Request Pledge/Withdrawal**

5. A request window opens:
EXERCISES

6. Request Pledge/Withdrawal – Add. Fill in the following fields:
   - Request type: Withdraw
   - ISIN: DK0009918138
   - Nominal amount: DKK 1,000,000
   - Change reason: e.g. Withdraw test

7. Press Submit

8. You are sent back to the Pledge/Withdraw screen

9. A message with the information Capture successful is shown

10. Verify that the request has the status Submitted

11. Wait a few minutes and press the F5 button to update your screen:

12. Verify that the withdraw request has changed status to Successful

Note: Due to a test environment there is no integration to our collateral management system and therefore the withdraw status will not change from Submitted to Successful.
**EXERCISES**

**STEP B:** Verify that the pledge has been updated correctly as collateral in the RTGS module. This can be verified by either viewing the bank's collateral list or by generating a report showing the bank's collateral utilisation.

1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select **CF003 – Bank's collateral list**:

4. Choose **FSVD**. Use the current FSVD which is set as default.

5. Press **submit**
6. A new window will open showing the bank's collateral list:

<table>
<thead>
<tr>
<th>RTGS reserved collateral</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority</td>
<td>Default reverse priority number</td>
</tr>
<tr>
<td>Total collateral reserved</td>
<td></td>
</tr>
<tr>
<td>Total collateral reserved (overnight acceptable)</td>
<td></td>
</tr>
</tbody>
</table>

7. Verify that the previously reserved CMS of DKK 1.000.000 is no longer displayed on the collateral list and Collateral available is decreased to 0.

8. Press back to return to main menu

9. Now select the report CF004 – Collateral utilisation:

10. Choose FSVD. Use current FSVD, which is set as default.

11. Press submit
12. A report of the participant’s collateral utilisation is opened:

<table>
<thead>
<tr>
<th>Date</th>
<th>Change type</th>
<th>Change reason</th>
<th>Collateral Identification</th>
<th>Nominal value</th>
<th>Entry change amount</th>
<th>Reserves collateral</th>
<th>Total</th>
<th>Utilised collateral</th>
<th>Available collateral</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-07-2007</td>
<td>Reserves</td>
<td>CMS</td>
<td>1,000,000,000</td>
<td>1,000,000,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>1,000,000,000</td>
</tr>
</tbody>
</table>

13. Check that a CMS of DKK 1,000,000 has been removed by looking at the Entry change amount and Change type.

14. Press back to return to main menu.

End of exercise
MONETARY POLICY INSTRUMENTS I+II
EXERCISE M3: BUY A CERTIFICATE OF DEPOSIT ON OPEN MARKET OPERATION

Exercise: The purpose of this exercise is to buy a certificate of deposit (CD) on open market operation through the GCSD module. An order is successfully submitted when a match is found and the trade has the status finalised. Subsequently, the participant should be able to see an updated holdings monitor as well as an updated collateral list and account holdings in the RTGS module.

Step A: Open Market operations in GCSD

1. Click on Monetary policy operations in the top menu bar

2. The following screen will appear:

   ![GCSD ITST01](image)

   3. Choose Market Operations

4. All available market operations and their terms will appear on the screen:

   ![Market operations](image)

STEP B: Place an order

1. Click on the market operation type Certificate of Deposit (CD) and a Trade button appears

2. Press Trade
3. The following trade order window will appear:

![Trade order window](image)

4. Trade order – Add Market operations
   - Enter **Nominal amount** of DKK 1.000.000,00 (You can type in 1m and see 1.000.000,00 in the field)
   - Press **Submit**

**Step C:** Identify the order

1. Click on **Monetary policy operations** in the top menu bar

2. The following screen will appear:

![GCSD menu](image)

3. Choose **Orders**
4. An order screen is displayed:

5. Identify the CD order and verify the status is **Matched**

**Step D:** Locate the trade

1. Click on **Monetary policy operations** in the top menu bar
2. Choose **Trades**
3. The following screen opens:

4. Locate the CD trade and verify the status is **Finalised**

**Step E:** Check that the participant’s holdings monitor has been updated

1. Click on **Monetary policy operations** in the top menu bar
2. Choose **Participant holdings monitor**
3. Check that the holdings of **Certificate of Deposit (CD)** are updated correctly

**Step F:** Verify that the CD purchase of DKK 1.000.000 has been settled and updated correctly as collateral in the RTGS module. This can be verified by either viewing the bank’s collateral list or by generating a report showing the bank’s collateral utilisation.
1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

![Main (RTGS) Module](image)

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select **CF003 – Bank's collateral list**:

![Collateral Enquiries](image)

4. Choose **FSVD**. Use the current FSVD which is set as default.

5. Press **submit**

6. A new window will open showing the bank's collateral list:

![Bank's Collateral List](image)
7. Verify that the collateral list includes a reserved **Certificate of Deposit (7 days)** of DKK 1.000.000 in nominal value and DKK 990.000 in collateral value due to a 1% haircut. **Collateral available** is increased accordingly.

8. Press **back** to return to main menu.

9. Now select the report **CF004 – Collateral utilisation:**

10. Choose **FSVD**. Use current FSVD, which is set as default.

11. Press **submit**.

12. A report of the participant’s collateral utilisation is opened:

13. Check that a **Certificate of Deposit (7days)** of DKK 990.000 has been reserved by looking at the **Entry change amount** and **Change type**.
14. Press **back** to return to the main menu

**Step G:** Verify that the CD purchase of DKK 1.000.000 is reflected in the participant's account holdings by generating an account statement of the settlement account.

1. Under **Enquiries**, choose **Accounting enquiries**

2. Select **AC001 – Account statement**:

3. Under **Account**, select the **Settlement account** from the dropdown list

4. Press **submit**

5. An account statement of the bank's settlement account is shown:

<table>
<thead>
<tr>
<th>Date</th>
<th>Ref.</th>
<th>Account Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.03.2007</td>
<td>1.001</td>
<td>CD</td>
<td>1,000.126.40</td>
</tr>
<tr>
<td>26.03.2007</td>
<td>1.002</td>
<td>CD</td>
<td>339,977.330.55</td>
</tr>
</tbody>
</table>
6. Check that the settlement account has been debited with an amount equivalent to DKK 1,000,126,40 (Nominal amount of 1,000,000,00 * interest of -0.65%).

7. Press back to close the account statement.

End of exercise
EXERCISE M4: REQUEST A MONETARY POLICY LOAN ON OPEN MARKET OPERATION WITH NO COVERAGE

Exercise: The purpose of this exercise is for a participant to request a monetary policy loan (MPL) without coverage. In order to obtain the trade status Failed coverage control the participant is requesting a MPL that exceeds the amount of overnight acceptable collateral available on the collateral list. The participant is able to see the order as matched, however the trade will have the status Failed coverage control and holdings are not updated.

Step A: Open Market operations in GCSD

1. Click on Monetary policy operations in the top menu bar

2. The following screen will appear:

3. Choose Market Operations

4. All available market operations and their terms will appear on the screen:

STEP B: Place an order
1. Click on the market operation type **Monetary policy loan (MPL)** and a **Trade** button appears:

2. Click on **Trade**

3. The following trade order window will appear:

4. **Trade order – Add Market operations**
   - Enter **Nominal amount** of DKK 10.000.000,00 (You can type in 10m and see 10.000.000,00 in the field)
   - Press **Submit**

**Step C: Identify the order**

1. Click on **Monetary policy operations** in the top menu bar

2. The following screen will appear:
3. Choose Orders

4. An order screen is displayed:

5. Identify the MPL order and verify the status is **Matched**

**Step D:** Locate the trade

1. Click on **Monetary policy operations** in the top menu bar
2. Choose **Trades**
3. The following screen opens:

4. Locate the MPL trade and verify the status is **Failed Coverage Control**

**Step E:** Check that the participant's holdings monitor is not updated with the MPL

1. Click on **Monetary policy operations** in the top menu bar
2. Choose **Participant holdings monitor**
3. Check that there are no holdings of MPL

**Step F:** Verify that the failed request for a MPL of DKK 10,000,000 is not reflected on the participant's collateral list.
1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

   ![Main (RTGS) button](image)

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select **CF003 – Bank’s collateral list**:

   ![Collateral enquiries page](image)

4. Choose **FSVD**. Use the current FSVD which is set as default.

5. Press **submit**
6. A new window will open showing the bank's collateral list:

7. Verify that no MPL has been added to the collateral list under _Utilised for external sources_. Collateral available in unchanged with a value of DKK 990,000 from the previous exercise.

8. Press _back_ to return to the main menu.

End of exercise
EXERCISE M5: PLEDGE SECURITIES

Exercise: The purpose of this exercise is to pledge securities to the collateral account in the GCSD module in order to be able to request a MPL on open market operation with coverage in the next exercise.

Step A: Pledge securities of DKK 5,000,000 in GCSD. Follow the steps in Exercise M1.
EXERCISE M6: REQUEST A MONETARY POLICY LOAN ON OPEN MARKET OPERATION

**Exercise:** In this exercise the purpose is to successfully request a monetary policy loan (MPL) and be able to locate both the order as matched and the trade as finalised. Subsequently, the participant should be able to see an updated holdings monitor as well as an updated collateral list and account holdings in the RTGS module.

**Step A:** Open Market operations in GCSD

1. Click on **Monetary policy operations** in the top menu bar

2. The following screen will appear:

   ![GCSD ITST01](image)

   3. Choose **Market Operations**

   4. All available market operations and their terms will appear on the screen:

   ![Monetary policy operations](image)

**STEP B:** Place an order
1. Click on the market operation type **Monetary policy loan (MPL)** and a **Trade** button appears:

2. Press **Trade**

3. The following trade order window will appear:

4. **Trade order – Add Market operations**
   - Enter **Nominal amount** of DKK 2,000,000,00 (You can type in 2m and see 2,000,000,00 in the field)
   - Press **Submit**

**Step C: Identify the order**

1. Click on **Monetary policy operations** in the top menu bar

2. The following screen will appear:
3. Choose Orders

4. An order screen is displayed:

5. Identify the MPL order and verify the status of the order is Matched

**Step D:** Locate the trade

1. Click on Monetary policy operations in the top menu bar
2. Choose Trades
3. The following screen opens:

4. Locate the MPL trade and verify the status is Finalised

**Step E:** Check that the participant's holding monitor has been updated

1. Click on Monetary policy operations in the top menu bar
2. Choose Participant holdings monitor
3. Check that the holdings of MPL have been updated with DKK 2.000.000
4. Click on the current holding to view transaction details

**Step F:** Verify that the MPL request of DKK 2.000.000 has been updated correctly as utilised collateral in the RTGS module. This can be verified by either viewing the bank's collateral list or by generating a report showing the bank's collateral utilisation.
EXERCISES

1. Press the tab Main (RTGS) in the internet browser to open the RTGS module:

2. Under Enquiries, choose Collateral enquiries

3. Select CF003 – Bank's collateral list:

4. Choose FSVD. Use the current FSVD which is set as default.

5. Press submit

6. A new window will open showing the bank's collateral list:
7. Verify that the collateral list includes a **Monetary Policy Loan (7 days)** of DKK 2,000,000 under **Utilised for external sources. Collateral available** is decreased accordingly and now represents a value of DKK 3,990,000.

8. Press **back** to return to the main menu

9. Now select the report **CF004 – Collateral utilisation:**

10. Choose **FSVD.** Use current FSVD, which is set as default.

11. Press **submit**

12. A report of the participant's collateral utilisation is opened:

13. Check that an **External source utilisation (MPL7)** of DKK 2,000,000 has been utilised by viewing the **Entry change amount** and **Change type.**

14. Press **back** to return to the main menu
Step G: Verify that the request of the MPL is reflected in the participant's account holdings by generating an account statement of the settlement account.

1. Under **Enquiries**, choose **Accounting enquiries**

2. Select **AC001 – Account statement**:

3. Under **Account**, select the **Settlement account** from the dropdown list

4. Press **submit**

5. An account statement of the bank's settlement account is shown:
6. Check that the settlement account has been credited with an amount equivalent to DKK 2.000.000

7. Press back to close the account statement.

End of exercise
EXERCISE M7: SELL A CERTIFICATE OF DEPOSIT ON RE-OPENED MARKET OPERATION

**Exercise:** The purpose of this exercise is to sell a certificate of deposit (CD) on an extraordinary open market operation through the GCSD module. An order is successfully submitted when a match is found and the trade has the status finalised. Subsequently, the participant should be able to see an updated holdings monitor as well as an updated collateral list and account holdings in the RTGS module.

**Step A:** Open Market operations in GCSD

1. Click on *Monetary policy operations* in the top menu bar

2. The following screen will appear:

![ GCSD ITST01](image)

3. Choose *Market Operations*

4. All available market operations and their terms will appear on the screen

**STEP B:** Place an order

1. Click on the market operation type *Certificate of Deposit (CD)* and a *Trade* button appears

2. Press *Trade*
EXERCISES

3. The following trade order window will appear:

![Trade Order Window]

4. Trade order – Add Market operations
   - Enter Nominal amount of DKK 1.000.000,00 (You can type in 1m and see 1.000.000,00 in the field)
   - Press Submit

Step C: Identify the order

1. Click on Monetary policy operations in the top menu bar

2. The following screen will appear:

![Monetary Policy Operations]

3. Choose Orders
4. An order screen is displayed:

![Order Screen](image)

5. Identify the CD order and verify the status is **Matched**

**Step D:** Locate the trade

1. Click on **Monetary policy operations** in the top menu bar
2. Choose **Trades**
3. The following screen opens:

![Trade Screen](image)

4. Locate the CD trade and verify the status of trade is **Finalised**

**Step E:** Check that the participant's holding monitor has been updated

1. Click on **Monetary policy operations** in the top menu bar
2. Choose **Participant holdings monitor**
3. Check that the holdings of **Certificate of Deposit (CD)** are decreased from DKK 1,000,000 to 0

![Holding Monitor](image)

**Step F:** Verify that the collateral reserved is decreased as a result of the CD sale of DKK 1,000,000. This can be verified by either viewing the bank's collateral list or by generating a report showing the bank's collateral utilisation in the RTGS module.
1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

![Main (RTGS) tab](image)

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select **CF003 – Bank's collateral list**:

![Collateral enquiries](image)

4. Choose **FSVD**. Use the current FSVD which is set as default.

5. Press **submit**

6. A new window will open showing the bank's collateral list:

![Collateral list](image)
EXERCISES

7. Verify that the collateral list no longer includes a reserved Certificate of Deposit (7 days) of DKK 1,000,000. Collateral available is decreased by DKK 990,000 which is equivalent to the collateral value of the CD sold.

8. Press back to return to the main menu

9. Now select the report CF004 – Collateral utilisation:

10. Choose FSVD. Use current FSVD, which is set as default.

11. Press submit

12. A report of the participant's collateral utilisation is opened:

13. Check that the Certificate of Deposit (7 days) of DKK 990,000 has been removed by viewing the Entry change amount and Change type. The nominal value is DKK 1,000,000.

14. Press back to return to the main menu
Step G: Verify that the sale of CD of DKK 1,000,000 is reflected in the participant's account holdings by generating an account statement of the settlement account.

1. Under Enquiries, choose Accounting enquiries

2. Select AC001 – Account statement:

3. Under Account, select Settlement account from the dropdown list

4. Press submit

5. An account statement of the bank's settlement account is shown:

6. Check that the settlement account has been credited with an amount equivalent to DKK 1,000,116.68. (Nominal amount of 1,000,000 * interest of -0.60%)
EXERCISES

7. Press back to close the account statement.

End of exercise
EXERCISE M8: BUY CERTIFICATES OF DEPOSIT ON OPEN MARKET OPERATION

**Exercise:** The purpose of this exercise is to buy certificates of deposits (CDs) of DKK 10,000,000 on open market operation in order to be able to buy and sell certificates of deposits bilaterally in the GCSD module.

**Step A:** Buy CDs of DKK 10,000,000. Follow the steps in Exercise M3.
EXERCISE M9: BUY/SELL CERTIFICATES OF DEPOSIT ON BILATERALLY AGREED TERMS

Exercise: Certificates of deposit (CDs) can be traded on bilaterally agreed terms between monetary policy counterparts. In this exercise you have to both buy and sell CDs from another monetary policy counterpart in the GCSD module.

Step A: Decide on a counterpart to trade with and agree with him/her who is the seller and who is the buyer. Agree on the terms; nominal amount and interest rate. In this example the participant is the seller and a nominal amount of 5 million and an interest rate of 0,70% are used.

Step B: Open Bilateral agreements in GCSD and place an order

1. Click on Monetary policy operations in the top menu bar

2. The following screen will appear:

   ![GCSD ITST01 screen with Bilateral agreements option highlighted]

3. Choose Bilateral agreements

4. All available Bilateral agreements/series will appear on the screen:

   ![GCSD Bilateral agreements screen]

5. Select the correct CD bilateral agreement/series and a Trade button appears
6. Click on **Trade**

7. The following window opens:

8. **Trade orders – Add Bilateral trade.** Fill in the following fields:
   - **Order type:** Buy or sell (depending on what you have agreed with the counterpart)
   - If you are the buyer, select the seller by using the dropdown menu
   - If you are the seller, select the buyer by using the dropdown menu
   - **Interest rate:** Agreed interest rate with the counterpart
   - **Nominal amount:** Agreed nominal amount with the counterpart

9. Press **Submit** and the order is created

**Step C:** Identify the order

1. Click on **Monetary policy operations** in the top menu bar

2. Choose **Orders**

3. An order screen is displayed:

4. Identify the CD order and verify the status is **Created**
5. As soon as both counterparts have placed their order with correct details, the status will change to **Matched**. See order screen below:

![Order Screen](image)

**Step D:** Locate the trade

1. Click on **Monetary policy operations** in the top menu bar

2. Choose **Trades**

3. The following screen opens:

![Trades Screen](image)

4. Locate the MPL trade and verify the status of trade is **Finalised**

**Step E:** Check that the participant’s holdings monitor has been updated

1. Click on **Monetary policy operations** in the top menu bar

2. Choose **Participant holdings monitor**

3. Check that the holdings of **Certificate of Deposit (CD)** are updated correctly:

![Participant Holdings Monitor](image)
4. Click on the specific holding and press **View** to see further transaction details:

**Step F:** Verify that the collateral reserved is either decreased or increased by DKK 5,000,000 depending on a sale or a purchase of CDs. This can be verified by either viewing the bank’s collateral list or by generating a report showing the bank's collateral utilisation in the RTGS module.

1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select **CF003 – Bank's collateral list**:

4. Choose **FSVD**. Use the current FSVD which is set as default.

5. Press **submit**
6. A new window will open showing the bank's collateral list:

<table>
<thead>
<tr>
<th>RTGS reserved collateral</th>
<th>Eligible collateral</th>
<th>Settlement agreement</th>
<th>Collateral Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default priority number</td>
<td>Collateral identification</td>
<td>Collateral description</td>
<td>Currency</td>
</tr>
<tr>
<td>1</td>
<td>CMS</td>
<td>CMS</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>CD7</td>
<td>Certificate of Deposit (7 days)</td>
<td>No</td>
</tr>
</tbody>
</table>

Total collateral reserved: 9,500,000.00
Total collateral reserved (overnight acceptable): 5,000,000.00

7. Verify that the collateral list includes either a reserved Certificates of Deposit (7 days) of DKK 15,000,000 or DKK 5,000,000 depending on the order type made. Collateral available is also decreased or increased accordingly.

8. Press **back** to return to the main menu

9. Now select the report **CF004 – Collateral utilisation:**

10. Choose **FSVD.** Use current FSVD, which is set as default.

11. Press **submit**
12. A report of the participant’s collateral utilisation is opened:

13. Check that a **Certificate of Deposit (7 days)** of DKK 5,000,000 has been either reserved or removed by looking at the **Entry change amount** and **Change type**.

14. Press **back** to return to the main menu.

**Step G:** Verify that the purchase or sale of CDs is reflected in the participant’s account holdings by generating an account statement of the settlement account.

1. Under **Enquiries**, choose **Accounting enquiries**

2. Select **AC001 – Account statement**: 

![Image of account statement]
3. Under **Account**, select the **Settlement account** from the dropdown list

4. Press **submit**

5. An account statement of the bank’s settlement account is shown:

   ![Account Statement Image]

6. Check that the settlement account has been either **debited** or **credited** with an amount equivalent to agreed trade terms; nominal amount and interest rate (In this example DKK 5,000.000 * interest of 0.70%).

7. Press **back** to close the account statement.

**End of exercise**
EXERCISE M10: AUTO CONVERSION OF FUNDS

**Exercise:** The purpose of this exercise is to see converted certificates of deposits (CDs) on the trade list in the GCSD module. The trade will have a status of finalised, and the participant will subsequently be able to see an updated holdings monitor as well as an updated collateral list and account holdings in the RTGS module.

**Step A: Verify conversion of funds into CDs**

1. Click on **Monetary policy operations** in the top menu bar

2. Select **Trades**

3. The following screen opens:

4. Locate the current trade and verify the **Market type** is **Conversion**

5. Under **Monetary policy operations**, choose **Participant holdings monitor**

6. Check that the participant's holdings of CDs are updated correctly

7. Verify that the converted CDs are reflected on the participant's collateral list, collateral utilisation report and account holdings in the RTGS module. Check the following reports: **CF003**, **CF004** and **AC001**.

**End of exercise**
COVERAGE CONTROL
EXERCISE M11: AUTOMATIC REPAYMENT OF INTRADAY LOAN WHEN SELLING CERTIFICATES OF DEPOSIT

Exercise: A participant wants to sell certificates of deposits (CDs). However, the participant has no collateral available on the collateral list but utilised an intraday loan and has available funds on the settlement account. The purpose of this exercise is to validate that the intraday loan is automatically repaid with the funds on the settlement account in order to accept the sale of CDs in accordance with the principles of coverage control.

Step A: Verify that the participant has utilised an intraday loan and has sufficient funds on the settlement account to repay the loan so that enough collateral is made available on the collateral list to cover the sale of CDs of DKK 3,000,000.

1. Choose Classic Position or Consolidated position

2. The following window will appear (Classic position):

3. Check that the loan account is utilised and funds are available on the settlement account

4. Click on the blue hyperlink Collateral position (collateral values)
5. A new window will open showing the bank's collateral list:

![Collateral List Image]

6. Verify that the collateral list includes reserved **Certificate of Deposit (7 days)** of DKK 2,970,000 in collateral value and an **Utilised for RTGS settlement** (intraday loan) of DKK 2,970,000. As both total collateral reserved and total collateral utilised equals DKK 4,970,000 **Collateral available** is 0.

7. Close the collateral list window by clicking on the X in the top right corner

**Step B:** Open the GCSD module

**Step C:** Sell CDs of DKK 3,000,000. Follow step A-E in **Exercise M7**.

**Step D:** Verify that the intraday loan of DKK 2,970,000 has been repaid with funds from the settlement account in order to accept the sale of CDs. This can be verified by viewing the settlement position and secondly looking at the bank's collateral list as well as the bank's collateral utilisation.

1. Click on either **Classic Position** or **Consolidated Position**
2. The following window opens (Classic Position):

3. Verify that the settlement account balance has increased and the loan account balance decreased to zero.

4. Choose Enquiries

5. Select AC001 – Account statement:

6. Under Account, select the Settlement account from the dropdown list

7. Press submit
8. An account statement of the bank’s settlement account is shown:

9. Check that the settlement account has been **debited** with DKK 2,970,000 which equals the value of the intraday loan that has been repaid.

10. Press **back** to close the account statement

11. Under **Account**, select the **Loan account** from the dropdown list

12. Press **submit**

13. An account statement of the bank’s loan account is shown:

14. Check that the loan account has been **credited** with DKK 2,970,000

15. Press **back** to close the account statement
16. Under **Enquiries**, choose **Collateral enquiries**

17. Select the report **CF004 – Collateral utilisation**:

![Image of CF004 report]

18. Choose **FSVD**. Use current FSVD, which is set as default.

19. Press **submit**

20. A report of the bank's collateral utilisation is opened:

![Image of report]

21. Verify that the report reflects the following movements under **Entry change amount** and **Change type/reason**:
   
a) The **Intraday loan** of DKK 2,970,000 is released and repaid
b) **Certificate of Deposit (7days)** of DKK 2,970,000 is removed. The nominal value is DKK 3,000,000.

22. Press **back** to return to the main menu
23. Under **Classic Position** or **Consolidated Position**, click on the blue hyperlink **Collateral position** (collateral values).

24. A new window will open showing the bank’s collateral list:

25. Verify that the collateral list no longer includes **Certificates of Deposit (7 days)** of DKK 2,970,000 under reserved collateral. The collateral value of **Utilised for RTGS settlement** (intraday loan) is decreased to 0 and **Collateral available** is unchanged.

26. Close the collateral list window by clicking on the X in the top right corner.

**End of exercise**
MONETARY POLICY INSTRUMENTS III
EXERCISE M12: LIQUIDITY ADJUSTING LOAN

Exercise: The purpose of this exercise is to request for a liquidity adjusting loan (LAL), identify the order and the trade, and see the updated holding monitor.

Step A: Make a LAL request

1. Click on Monetary policy operations and select Bilateral agreements. The following screen will appear:

2. Press the button Request liquidity adjusting loan and the following trade screen will appear:

3. Trade orders – Add Bilateral trade. Fill in the following fields:
   - Product type: LAL
   - Nominal amount: 15.000.000 (You can type in 15m and see 15.000.000,00 in the field)

4. Press submit

Step B: Identify the order

1. Click on Monetary policy operations in the top menu bar
2. Choose Orders
3. An order screen is displayed:

4. Identify the LAL order and verify the status is Created

5. Wait for Nationalbanken to accept the order

6. As soon as Nationalbanken has accepted the request and has placed the second order leg with correct details, the status will change to Matched.

**Step C:** Identify the trade

1. Click on Monetary policy operations in the top menu bar

2. Choose Trades

3. The following trade screen will appear:

4. Check that the trade has status Finalised

**Step D:** Check that the participant’s holding monitor has been updated

1. Click on Monetary policy operations in the top menu bar

2. Choose Participant holdings monitor
3. Check that the holdings of **Liquidity adjusting loan (LAL)** are updated correctly:

**Step E:** Verify that the LAL request of DKK 15,000,000 has been settled and updated correctly as collateral utilisation in the RTGS module. This can be verified by either viewing the bank's collateral list or by generating a report showing the bank's collateral utilisation.

1. Press the tab **Main (RTGS)** in the internet browser to navigate to the RTGS module:

2. Under **Enquiries**, choose **Collateral enquiries**
3. Select **CF003 – Bank's collateral list:**

4. Choose **FSVD**. Use the current FSVD which is set as default.

5. Press **submit**

6. A new window will open showing the bank's collateral list:

```
<table>
<thead>
<tr>
<th>Priority</th>
<th>Collateral Identification</th>
<th>Collateral description</th>
<th>Currency</th>
<th>Overnight acceptable</th>
<th>Reserved Nominal Value</th>
<th>Reserved Collateral Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMS</td>
<td>CMS</td>
<td></td>
<td>Yes</td>
<td></td>
<td>100,000,000,00</td>
<td>100,000,000,00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RTGS utilised collateral</th>
<th>Eligible collateral</th>
<th>Settlement agreement</th>
<th>Collateral Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilised for RTGS settlement</td>
<td>ALL</td>
<td></td>
<td>0,00</td>
</tr>
<tr>
<td>Utilised for external sources</td>
<td>26,008.750,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Holding</td>
<td>ALL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interbank clearing lines</td>
<td>ALL</td>
<td>Express</td>
<td></td>
</tr>
<tr>
<td>Liquidity Adjusting Loan</td>
<td>Overnight acceptable only</td>
<td></td>
<td>19,008.750,00</td>
</tr>
<tr>
<td>Monetary Policy Loan (7 days)</td>
<td>Overnight acceptable only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total utilised</td>
<td>26,008.750,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total collateral available</td>
<td>71,991,250,00</td>
<td>Total collateral available (overnight acceptable)</td>
<td>71,991,250,00</td>
</tr>
</tbody>
</table>
```

7. Verify that the collateral list includes a reserved **Liquidity Adjusting Loan** of DKK 15,000,000 + interest under **Utilised for external sources**.

8. Press **back** to return to main menu
9. Now select the report **CF004 – Collateral utilisation:**

10. Choose **FSVD.** Use current FSVD, which is set as default.

11. Press **submit**

12. A report of the participant’s collateral utilisation is opened:

13. Check that a **LAL** of DKK 15,000,000 + interest has been utilised by looking at the **Entry change amount** and **Change type**.

14. Press **back** to return to the main menu

**Step F**: Verify that the granted LAL request of DKK 15,000,000 is reflected in the participant's account holdings by generating an account statement of the settlement account.

1. Under **Enquiries**, choose **Accounting enquiries**
2. Select AC001 – Account statement:

3. Under Account, select the Settlement account from the dropdown list.

4. Press submit.

5. An account statement of the bank’s settlement account is shown:

6. Check that the settlement account has been credited with an amount equivalent to DKK 15.000.000.

7. Press back to close the account statement.

End of exercise
Exercise: The purpose of this exercise is to place a liquidity adjusting deposit (LAD), identify the order and the trade, and see the updated holding monitor.

Step A: Place a LAD order

1. Click on Monetary policy operations and select Bilateral agreements. The following screen will appear:

2. Press the button Request liquidity adjusting deposit and the following screen will appear:

3. Trade orders – Add Bilateral trade. Fill in the following fields:
   - Product type: LAL
   - Nominal amount: 7.000.000 (You can type in 7m and see 7.000.000,00 in the field)

4. Press submit

Step B: Identify the order

1. Click on Monetary policy operations in the top menu bar

2. Choose Orders and an order screen is displayed

3. Wait for Nationalbanken to accept the order
4. As soon as Nationalbanken has accepted the request and has placed the second order leg with correct details, the status will change to **Matched**.

**Step C: Identify the trade**

1. Click on **Monetary policy operations** in the top menu bar

2. Choose **Trades**

3. The following trade screen will appear:

4. Check that the trade has status **Finalised**

**Step D: Check that the participant's holding monitor has been updated**

1. Click on **Monetary policy operations** in the top menu bar

2. Select **Participant holdings monitor**

3. Check that the holdings of **Liquidity Adjusting Deposit (LAD)** are updated correctly
Step E: Verify that the LAD purchase of DKK 7.000.000 is reflected in the participant's account holdings by generating an account statement of the settlement account in the RTGS module. Note that liquidity adjusting deposits will not affect collateral values.

1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

   ![Main (RTGS) tab](image)

2. Under **Enquiries**, choose **Accounting enquiries**

3. Select **AC001 – Account statement**:

4. Under **Account**, select the **Settlement account** from the dropdown list

5. Press **submit**

6. An account statement of the bank's settlement account is shown:
6. Check that the settlement account has been debited with an amount equivalent to DKK 7.000.000.

7. Press back to close the account statement.

End of exercise
EXERCISE M14: TRADE QUEUED AND PRIORITY MANAGEMENT

Exercise: This exercise focuses on re-prioritising trades that have been queued due to lack of holdings. In order to obtain the queued status in the trades screen the participant should ensure to have no holdings of the specific certificate of deposit (CD) to be sold.

Step A: Open Market operations GCSD

1. Select Monetary policy operations in the top menu bar

2. The following menu will appear:

![Market operations menu]

3. Choose Market Operations

4. All available market operations and their terms will appear on the screen:

![Market operations screen]

Step B: Place the 1. order (Sale of CD)

1. Click on the active CD Market operation and a Trade button appears

2. Press Trade
3. The following trade order window will appear:

4. Trade order – Add Market operations. Fill in the following fields:
   - Order type: Sell
   - Nominal amount: DKK 2.000.000,00 (You can type in 2m and see 2.000.000,00 in the field)
   - Press Submit

Step C: Locate the 1. trade

1. Click on Monetary policy operations in the top menu bar
2. Choose Trades
3. The following screen opens:

4. Locate the trade and verify the status is Trade queued

Step D: Place the 2. order (Sale of CD)

1. Click on the active CD Market operation and a Trade button appears
2. Press Trade
3. The following trade order window will appear:

![Trade order window](image)

4. Trade order – Add Market operations. Fill in the following fields:
   - **Order type**: Sell
   - **Nominal amount**: DKK 1.000.000,00 (You can type in 1m and see 1.000.000,00 in the field)
   - Press **Submit**

**Step E:** Locate the 2. trade

1. Click on **Monetary policy operations** in the top menu bar
2. Choose **Trades**
3. The following screen opens:

![Trade list](image)

4. Check that now two trades with the status **Trade queued** are displayed

**Step F:** Now buy a CD

1. Click on **Monetary policy operations** in the top menu bar
2. Choose Market Operations

3. Click on the market operation type Certificate of Deposit (CD) and a Trade button appears:

4. Press Trade

5. The following trade order window will appear:

6. Trade order – Add Market operations. Fill in the following fields:
   - Order type: Buy
   - Nominal amount: DKK 1.000.000
   - Press submit

7. Click on Monetary policy operations in the top menu bar

8. Choose Trades
EXERCISES

9. The following screen opens:

10. Locate the CD trade and verify the status is **Finalised**

**Step G: Prioritise trades**

1. Click on **Monetary policy operations** in the top menu bar

2. Choose **Trade priority management**

3. The following **Trade priority management** window opens:

2. Under **Series**, select the current series of CD trades from the dropdown menu

3. The two queued trades become visible with the nominal value of DKK 2.000.000 as **Priority 1** and the trade with the nominal value of DKK 1.000.000 as **Priority 2**.
4. Prioritise (re-arrange) the trades by clicking, holding, dragging and dropping the trade having a nominal amount of DKK 1.000.000 upwards so that it is now located above the trade having a nominal amount of DKK 2.000.000.

5. The two trades have interchanged both order and Priority nr.

6. Enter a Change reason and press Submit

Step H: Identify the trades

1. Click on Monetary policy operations in the top menu bar

2. Choose Trades
3. Locate the two re-prioritised trades and verify that one of the trades has status **Finalised** while the other one has status **Trade queued**.

### Step I:

1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select **CF003 ~ Bank's collateral list**:

4. Choose **FSVD**. Use the current FSVD which is set as default.

5. Press **submit**
6. A new window will open showing the bank's collateral list:

<table>
<thead>
<tr>
<th>RTGS reserved collateral</th>
<th>Collateral description</th>
<th>Currency</th>
<th>Overnight acceptable</th>
<th>Reserved - Nominal value</th>
<th>Reserved - Collateral Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority number</td>
<td>Identifcation</td>
<td>CMS</td>
<td>CMS</td>
<td>Yes</td>
<td>100,000,000.00</td>
</tr>
</tbody>
</table>

Total collateral reserved | 100,000,000.00
Total collateral reserved (overnight acceptable) | 100,000,000.00

<table>
<thead>
<tr>
<th>RTGS utilised collateral</th>
<th>Eligible collateral</th>
<th>Settlement agreement</th>
<th>Collateral Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used for external sources</td>
<td>ALL</td>
<td></td>
<td>20,000,145.83</td>
</tr>
<tr>
<td>Cash Holding</td>
<td>ALL</td>
<td></td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>Liquidity Adjusting Loan</td>
<td>Overnight acceptable only</td>
<td></td>
<td>15,000,145.83</td>
</tr>
<tr>
<td>Monetary Policy Loan (14 days)</td>
<td>Overnight acceptable only</td>
<td></td>
<td>5,000,000.00</td>
</tr>
</tbody>
</table>

Total utilised | 30,000,145.83
Total collateral available | 69,999,854.17
Total collateral available (overnight acceptable) | 69,999,854.17

Bank's overall credit limit | Unlimited
Collateral available | 69,999,854.17

7. You must be able to verify that there are no CD's reserved.

8. Press back to return to main menu

9. Now select the report CF004 – Collateral utilisation:

10. Choose FSVD. Use current FSVD, which is set as default.

11. Press submit
12. A report of the participant’s collateral utilisation is opened:

![Report details]

13. Check that there are records of **Reserved** and **Removed** CD’s due to the 1.000.000 buy and 1.000.000 sell trades.

14. Press **back** to return to main menu

**Step J:** Verify that the CD purchase of DKK 1.000.000 is reflected in the participant’s account holdings by generating an account statement of the settlement account.

1. Under **Enquiries**, choose **Accounting enquiries**

2. Select **AC001 – Account statement**:

3. Under **Account**, select the **Settlement account** from the dropdown list
4. Press **submit**

5. An account statement of the bank’s settlement account is shown:

![Account Statement Image]

6. Check that the settlement account has been both **debited** and **credited** with the amounts of nominal values from the buy and sell trades of values of 1.000.000 + interests.

7. Press **back** to close the account statement.

**End of exercise**
EXERCISE M15: EARLY MATURE TRADE

**Exercise:** The purpose of this exercise is to assign early maturity to a monetary policy loan (MPL) when early mature day comes (last business day of the week). For this exercise it is a condition that the participant already holds an MPL of DKK 5,000,000 that can be early matured.

**Step A:** Early mature trade

1. Click on **Monetary policy operations** in the top menu bar

2. Choose **Early mature trade**

3. The following window will open and include the MPLs that can be early matured:

4. Click on the current MPL trade and press **Early mature trade**
5. Enter a change reason e.g. Early mature and press submit

Step B: Check holdings

1. Click on Monetary policy operations in the top menu bar
2. Choose **Participant holdings monitor**

![Participant holdings monitor](image)

3. In the participant holdings monitor you will now see that the **Nominal value** of the MPL is 0,00

**Step C**: Verify that the maturity has been settled and updated correctly as collateral in the RTGS module. This can be verified by viewing the bank's collateral utilization and account statement.

1. Press the tab **Main (RTGS)** in the internet browser to open the RTGS module:

![Main (RTGS)](image)

2. Under **Enquiries**, choose **Collateral enquiries**

3. Select the report **CF004 – Collateral utilisation**

![Collateral utilisation report](image)

4. Choose **FSVD**. Use current FSVD, which is set as default.

5. Press **submit**
6. A report of the participant's collateral utilisation is opened:

![Collateral Utilisation Report]

7. Check that **External source utilisation (MPL7)** has been released

**Step D:** Verify that the matured status of the MPL is reflected in the participant's account holdings by generating an account statement of the settlement account.

1. Under **Enquiries**, choose **Accounting enquiries**

2. Select **AC001 – Account statement**:

   ![Account Statement Request]

3. Under **Account**, select the **Settlement account** from the dropdown list

4. Press **submit**
5. An account statement of the bank’s settlement account is shown:

6. Check that the settlement account has been debited with an amount equivalent to DKK 5,000,000 + interest.

7. Press back to close the account statement.

End of exercise