

# Terms and Conditions for Accounts

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## TARGET DKK – Settlement of payments in Danish kroner and monetary policy instruments at Danmarks Nationalbank

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# Part I – General Terms and Conditions

## Article 1 – Scope

1. The provisions set out in Part I 'General Terms and Conditions' govern the relationship between Danmarks Nationalbank and the participants in TARGET DKK.
2. The provisions set out in Part II 'Terms and Conditions for Main Cash Accounts (MCAs)', Part III 'Terms and Conditions for Real-Time Gross Settlement Dedicated Cash Accounts (RTGS DCAs)', Part IV 'Terms and Conditions for TARGET2-Securities Dedicated Cash Accounts (T2S DCAs)', Part V 'Terms and Conditions for TARGET Instant Payment Settlement Dedicated Cash Accounts (TIPS DCAs)' and Part VI 'Terms and Conditions for Ancillary Systems (AS) using the RTGS AS Settlement Procedure' shall apply to the extent participants choose and are allocated one or more accounts as described in these Parts.
3. The provisions set out in Part VII 'Terms and Conditions for Certificates of Deposit' and Part VIII 'Terms and Conditions for Monetary Policy Loans' shall apply to participants authorised to use monetary policy instruments.
4. The provisions set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities' shall apply to participants with access to intraday loans and/or monetary policy loans. The provisions set out in Part X 'Terms and Conditions for Use of T2S Auto Collateralisation Loans' shall apply to participants with access to T2S auto-collateralisation.
5. The provisions set out in Part XI 'Terms and Conditions for Use of SCP as Collateral for Intraday Loans at Danmarks Nationalbank' and XII 'Terms and Conditions for Use of SCP as Collateral for Intraday Loans at Sveriges Riksbank and Norges Bank' shall apply to participants eligible to use the SCP scheme.
6. The provisions set out in Parts I-XII are hereinafter referred to as 'the Terms and Conditions' or 'these Terms and Conditions'.
7. These Terms and Conditions constitute a general administrative act. By requesting participation in TARGET DKK, through the participant's submission of the required registration forms and other relevant forms referred to in the Terms and Conditions, participants automatically accept these Terms and Conditions among themselves and in relation to Danmarks Nationalbank.

## Article 2 – Appendices

1. The following appendices form an integral part of these Terms and Conditions:

Appendix 1:	Technical specifications for the processing of cash transfer orders
Appendix 2:	Business continuity and contingency procedures
Appendix 3:	TARGET DKK Operating Schedule
Appendix 4:	Coverage of Danmarks Nationalbank's costs for TARGET DKK and pricing models for TARGET Services
Appendix 5:	Requirements regarding information security management and management of business continuity in TARGET DKK
Appendix 6:	Definitions

2. In the event of any conflict or inconsistency between the content of any Appendix and the contents of any other provision in these Terms and Conditions, the latter shall prevail.

### **Article 3 – General description of TARGET DKK**

1. TARGET DKK is the collective term for TARGET Services in Danish kroner and Danmarks Nationalbank's system for monetary policy instruments and pledging of collateral (SPI).
2. TARGET Services is the European payment and securities settlement platform. TARGET Services is legally structured as a multiplicity of payment systems consisting of all TARGET component systems notified as a 'system' under the national rules implementing Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems. Settlement in Danish kroner in TARGET Services has been notified as a separate payment system pursuant to Chapter 31 of the Danish Capital Markets Act (Consolidated Act no. 198 of 26 February 2024 with subsequent amendments).
3. TARGET Services comprises payment systems that settle in central bank money, provide central liquidity management services, real-time gross settlement of payments and services for ancillary system (AS) settlement, and enable cash payments in relation to securities settlement and the settlement of instant payments.
4. TARGET Services in Danish kroner consists of:
  - a. T2: payment system (RTGS) and liquidity management system (CLM)
  - b. T2S (TARGET2-Securities): system for securities settlement
  - c. TIPS (TARGET Instant Payment Settlement): system for the settlement of instant payments.
5. SPI handles Danmarks Nationalbank's monetary policy instruments and the participants' pledging of collateral.
6. Participants in TARGET DKK, except for co-managees, are granted access (GUI access (U2A) or A2A access) to TARGET Services (access via ESMIG) and SPI respectively, each requiring a separate login.
7. TARGET Services provides the following accounts for the settlement of payments in Danish kroner:
  - a. MCAs for the settlement of central bank operations
  - b. RTGS DCAs for real-time gross settlement of large-value payments and sub-accounts, if required for settlement in ancillary systems
  - c. T2S DCAs for the settlement of payments in relation to securities settlement
  - d. TIPS DCAs for settlement of instant payments
  - e. RTGS AS technical accounts for settlement in ancillary systems.
8. Each account in TARGET DKK shall be identified by a unique account number consisting of the elements described in Appendix 1(2).

### **Article 4 – Access criteria**

1. The following types of entities may, upon request, be authorised by Danmarks Nationalbank as participants in the settlement of payments in Danish kroner:

- a. credit institutions, payment institutions and electronic money institutions supervised by the Danish Financial Supervisory Authority
- b. branches in Denmark of foreign credit institutions, payment institutions and electronic money institutions that are supervised in another country within the EU or in a country with which the EU has entered into a cooperation agreement on home country supervision
- c. branches in Denmark of foreign credit institutions, payment institutions and electronic money institutions under supervision by the Danish Financial Supervisory Authority
- d. foreign credit institutions, payment institutions and electronic money institutions that are under supervision in another country within the EU or in a country with which the EU has entered into a cooperation agreement on home country supervision and that conduct cross-border business activities in Denmark
- e. others which, in Danmarks Nationalbank's assessment, are of material importance to the settlement of payments at Danmarks Nationalbank, including ancillary systems (AS), under the terms and conditions laid down by Danmarks Nationalbank.

It is a precondition for Danmarks Nationalbank's approval of requests pursuant to (a)-(e) that the participant concerned, in Danmarks Nationalbank's assessment, has allocated sufficient resources, including qualified personnel, to the ongoing risk management and technical and operational management of their participation in the settlement of payments in Danish kroner.

2. Participants that do not have access to the monetary policy instruments may only use the participant's accounts in TARGET Services for settlement purposes and not for the placement of deposits. Danmarks Nationalbank may determine a maximum balance, which will be communicated to the participants. If the balance at the close of the monetary policy day exceeds the maximum set, the participant is obliged to pay an amount of kr. 5,000. Danmarks Nationalbank is authorised to debit the amount from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank issues a separate invoice for the amount, which is available on the same day as the debiting takes place. Danmarks Nationalbank may change the amount at any time without notice.
3. The following types of entities may, upon request and approval by Danmarks Nationalbank, have access to use the monetary policy instruments:
  - a. banks
  - b. branches in Denmark of foreign credit institutions that are under supervision in another country within the EU or in a country with which the EU has entered into a cooperation agreement on home country supervision, and conduct banking activities in Denmark as defined in the Danish Financial Business Act
  - c. branches in Denmark of foreign credit institutions from countries outside the EU with which the EU has not entered into a cooperation agreement on home country supervision, and which conduct banking activities in Denmark as defined in the Danish Financial Business Act with authorisation from the Danish Financial Supervisory Authority
  - d. mortgage credit institutions
  - e. branches in Denmark of foreign credit institutions under supervision in another country within the EU or in a country with which the EU has entered into a cooperation agreement on home country supervision, and which conduct mortgage credit activities in Denmark as defined in the Danish Financial Business Act, and branches in Denmark of foreign credit institutions from countries outside the EU with which the EU has not entered into a cooperation agreement on home country supervision, and which conduct

mortgage credit activities in Denmark as defined in the Danish Financial Business Act with authorisation from the Danish Financial Supervisory Authority.

4. It is a precondition that these entities are not subject to restrictive measures adopted by the Council of the European Union or the Member States pursuant to Article 65(1)(b), Article 75 or Article 215 of the Treaty on the Functioning of the European Union, the implementation of which Danmarks Nationalbank considers incompatible with the smooth functioning of TARGET DKK.

## **Article 5 – Application procedure**

1. Participation in TARGET DKK (TARGET Services and access to use the monetary policy instruments and pledging of collateral (SPI)) is upon request to Danmarks Nationalbank using the forms set out in Parts II to XII.
2. Before an entity can become a participant in TARGET DKK, cf. Article 4, the entity must fulfil the following requirements:
  - a. install, manage, operate, monitor and ensure the security of the necessary IT infrastructure to connect to TARGET DKK and be able to submit cash transfer orders. The applicant may involve third parties in this process, but retains sole liability
  - b. have passed the tests required by Danmarks Nationalbank
  - c. applicants for an RTGS DCA, a T2S DCA or a TIPS DCA must also hold or open an MCA with Danmarks Nationalbank. A T2S DCA applicant that is not a monetary policy counterparty may alternatively link its T2S DCA to another participant's MCA
  - d. provide a legal opinion regarding the participant's legal capacity and country-specific circumstances, if required by Danmarks Nationalbank
  - e. TIPS DCA applicants must have adhered to the NPC Instant Credit Transfer Scheme by signing the NPC Instant Credit Transfer Adherence Agreement and adhered to the NPC AOS Automatic acceptance of PSP-initiated request for recall (camt.056) with reason code "DUPL" and "TECH".
3. An entity requesting participation as a co-managee must only fulfil the requirement referred to in (d) above.
4. As a minimum, applicants must include the following documentation:
  - a. completed static data collection forms as provided by Danmarks Nationalbank
  - b. a legal and country-specific opinion if required by Danmarks Nationalbank
  - c. TIPS DCA applicants: evidence of their adherence to the NPC Instant Credit Transfer Scheme and to the NPC AOS Automatic acceptance of PSP-initiated request for recall (camt.056) with reason code "DUPL" and "TECH"
  - d. if the applicant appoints a paying agent: evidence that the paying agent has agreed to act in that role
  - e. Danmarks Nationalbank may also request additional information that it deems necessary to make a decision on the application.
5. Danmarks Nationalbank rejects the application for participation in TARGET DKK if:
  - a. The applicant is not an entity that has access to the settlement of payments in Danish kroner as described in Article 4(1) or an entity that does not have access to the monetary policy instruments as described in Article 4(3)
  - b. one or more of the participation requirements referred to in subsection (2) are not met

- c. such participation would, in Danmarks Nationalbank's assessment, jeopardise the overall stability, soundness and safety of TARGET DKK or any other TARGET component system, or the performance by Danmarks Nationalbank of its tasks as described in the Danmarks Nationalbank Act and the by-laws of Danmarks Nationalbank and the Statute of the European System of Central Banks and of the European Central Bank, or pose risks on the grounds of prudence.
- 6. It is a condition for Danmarks Nationalbank's approval of an applicant that the applicant is connected directly to TARGET DKK, unless the participant is a co-managee.
- 7. Danmarks Nationalbank notifies the applicant, in writing, of the decision on the applicant's participation in the settlement of payments in Danish kroner or access to the monetary policy instruments. A rejection of the application includes reasons for the rejection.

## **Article 6 – Participants etc.**

### ***Participants***

- 1. Participants which are not an AS must have at least one MCA with Danmarks Nationalbank. A T2S DCA holder that is not a monetary policy counterparty may alternatively choose to link its T2S DCA to another participant's MCA. Direct participants may have one or more RTGS DCAs, T2S DCAs and/or TIPS DCAs with Danmarks Nationalbank.
- 2. An AS using the RTGS AS settlement procedure will be subject to the provisions set out in this Part I 'General Terms and Conditions' as well as Part VI 'Terms and Conditions for Ancillary Systems (AS) using the RTGS AS Settlement Procedure'. They may have one or more MCAs, T2S DCAs and, exceptionally and subject to approval by Danmarks Nationalbank, one or more RTGS DCAs. If an AS has an RTGS DCA or a T2S DCA, it must also have at least one MCA with Danmarks Nationalbank. If an AS has one or more MCAs, RTGS DCAs or T2S DCAs, the respective parts of these Terms and Conditions shall also apply.

### ***Signatures and authorisations***

- 3. When opening an account in Danish kroner, the participant must document who is authorised to sign for the participant ('authorised signatories'). Samples of the signatures of the authorised signatories, including digital signatures, must be attached.
- 4. Danmarks Nationalbank may request evidence from a participant regarding the participant's authorised signatories.
- 5. If the participant's company is not registered with the Danish Business Authority, the participant must prove the legal validity etc. of authorisations to sign in a manner satisfactory to Danmarks Nationalbank in accordance with the legislation of the home country. The participant shall notify Danmarks Nationalbank of any changes in their legal capacity and of any relevant changes in the law affecting the matters addressed in any legal opinion issued in respect of the law of the country concerned.
- 6. The participant must notify Danmarks Nationalbank, Banking and Markets, in writing, if, in connection with contingency procedures or change notifications on matters relating to the participant's daily operations, persons other than the authorised signatories are to be authorised to carry out transactions etc. upon written request ('authorised representatives'). Notice of authorisation shall be given using the form "Power of attorney to TARGET DKK in Danmarks Nationalbank for use in emergency procedures". These forms shall contain the names of the authorised representatives and samples of their signatures. The notice must be signed by authorised signatories. Changes to the participant's authorisations must be notified in writing to Danmarks Nationalbank using the above-mentioned forms.

### ***Authorisation of security officers***

7. TARGET DKK contains a number of predefined user profiles that provide access to a range of functionalities in TARGET DKK, as described on Danmarks Nationalbank's website. Some functionalities have certain optional settings, e.g. '4-eyes principle'. Danmarks Nationalbank may make changes to these user profiles and settings at any time, and thereby the functionalities of TARGET DKK, including adding new user profiles and settings.
8. The authorised signatories shall authorise a minimum of two and a maximum of five security officers, two of which jointly shall have access to designating the persons (users) who may make use of TARGET DKK, including carry out transactions, on behalf of, and binding on, the participant.
9. If a participant is appointed as co-manager, the participant is authorised to appoint security officers on behalf of the co-managee. These security officers must be the same individuals who are authorised to designate users who can act on behalf of the co-manager. The users designated by the security officers may carry out transactions via TARGET DKK, including transactions on the co-managee's MCA, on behalf of and binding on the co-managee. The co-managee does not need to approve which rights are granted to the designated users.
10. The transactions and other actions that each user may execute on behalf of the participant and, where applicable, co-managee, are determined by two security officers jointly assigning one or more of the predefined user profiles to each user, designated by the same two security officers or by two other security officers. Security officers shall also determine which, if any, settings should apply to the designated users. A user maintains an assigned user profile with the changes that Danmarks Nationalbank may make to the user profile at any time.
11. Two security officers can also jointly remove one or more user profiles assigned to an individual user and remove any settings applicable to the designated users.
12. Two security officers can designate each other as users.
13. A separate authorisation form must be used to set up each security officer: "Request for authorization, modification or deletion of Security Officers in TARGET DKK" as well as a separate form for authorization of users in SPI "Request for authorization, modification or deletion of users in SPI".
14. A security officer's authorisation can be revoked by the participant. Persons who have been designated as users before Danmarks Nationalbank has confirmed receipt of a revocation are not affected by the revocation and continue to be users and thus continue to be able to act on behalf of the participant. If the security officer in question has been designated as a user, the security officer continues as a user.

### ***Setting up security officers***

15. Danmarks Nationalbank registers the authorised security officers in TARGET DKK. Security officers designate individual users using forms available on Danmarks Nationalbank's website.
16. Danmarks Nationalbank only checks that the individual users have been designated by two security officers authorised by the authorised signatories and that messages from security officers originate from the contact details of the security officers in question. Danmarks Nationalbank does not verify the identity of users designated by security officers. Any transaction made by a user designated by two security officers jointly obligates the participant and, if the participant is appointed as co-manager, the co-managee towards Danmarks Nationalbank.

### ***Overview of users***

17. The participant's security officers shall have access to a list of the users designated at any time and shall, at the request of Danmarks Nationalbank, send a statement to Danmarks Nationalbank that the participant has carried out the necessary checks of the list of users and their rights.

#### ***Authorisation to another participant***

18. Two of the participant's authorised security officers may jointly appoint one or more persons employed by another participant to act, including carry out transactions, as set out above on behalf of, and binding on, the participant and, where applicable, the co-managee. Agreements on access for security officers to designate persons employed by another participant shall be made bilaterally between the parties involved and any transactions hereunder shall be without liability for Danmarks Nationalbank.

#### **Article 7 – Access to a participant's account by entities other than the participant**

1. To the extent technically feasible, a participant may grant access to its TARGET DKK accounts (including its MCA, i.e. co-management) to one or more entities designated by the participant for the purpose of submitting cash transfer orders and performing other actions.
2. Cash transfer orders submitted or funds received by the entities designated by a participant as referred to in paragraph 1 shall be deemed to have been submitted or received by that participant itself.
3. The participant shall be bound by such cash transfer orders and any other action taken by the entity or entities referred to in paragraph 1, regardless of the content of, or any non-compliance with, the contractual arrangement between that participant and such entity.

#### **Article 8 – Billing**

1. Danmarks Nationalbank identifies billable items according to Appendix 4 and allocates each of them to the participant from which the billable item originates.
2. Any fees payable in relation to a cash transfer order submitted or a payment transfer received by an AS, regardless of whether it uses the RTGS AS payment procedure or an RTGS DCA, shall be charged exclusively to that AS, or its paying agent, in accordance with subsection (5).
3. Billable items generated as a result of actions by the designated entities referred to in Article 7, as well as by Danmarks Nationalbank acting on behalf of a participant, shall be allocated to the participant.
4. Danmarks Nationalbank shall issue separate invoices to the participant for the relevant services described in:
  - a. Part III 'Terms and Conditions for Real-Time Gross Settlement Dedicated Cash Accounts (RTGS DCAs)'
  - b. Part IV 'Terms and Conditions for TARGET2-Securities Dedicated Cash Accounts (T2S DCAs)'
  - c. Part V 'Terms and Conditions for TARGET Instant Payment Settlement (TIPS) Dedicated Cash Accounts (TIPS DCAs)'
  - d. Part VI 'Terms and Conditions for Ancillary Systems (AS) using the RTGS AS Settlement Procedure'.

In addition, an invoice is issued for the monthly fee charged for user funding of TARGET DKK, cf. Appendix 4.

5. Danmarks Nationalbank settles each invoice by direct debit of an MCA in the name of the participant, unless the participant has appointed another TARGET DKK participant as paying agent and instructed Danmarks Nationalbank to debit the MCA belonging to that paying agent. Such an instruction shall not release the participant from its obligation to pay each invoice. Danmarks Nationalbank settles any billable items relating to the co-managee by debiting the co-manager's MCA.



6. Once a paying agent has been appointed, the participant must provide documentation to Danmarks Nationalbank that the paying agent has agreed to act in that role.
7. Billing takes place in the following way:
  - a. Danmarks Nationalbank is authorised to debit the participant's (where applicable a paying agent's, cf. subsection (5)) designated MCA for all billable items for the use of TARGET Services. The invoices are usually available on the fourth business day of the month. For T2S, debiting takes place on the eighth, and for T2 and TIPS on the eleventh, TARGET business day (in accordance with the calendar for TARGET closing days for euro set out by the ECB) of each month, generally immediately after 07:30. If the eighth or eleventh TARGET business day is not a business day in TARGET DKK, debiting takes place on the next business day in TARGET DKK.
  - b. Danmarks Nationalbank is authorised to debit the participant's (where applicable a paying agent's, cf. subsection (5)) primary MCA for the monthly fee charged for the purpose of user funding of TARGET DKK, cf. Appendix 4. Invoice is available on the eleventh TARGET business day (in accordance with the calendar for TARGET closing days for euro set out by the ECB) of the month and the debit takes place on the same day. If the eleventh TARGET business day is not a business day in TARGET DKK, debiting takes place on the next business day in TARGET DKK.
  - c. If a billable item exceeds the balance on the relevant MCA at 07:30, Danmarks Nationalbank is authorised, until the close of the monetary policy day and at Danmarks Nationalbank's discretion, to debit the participant's other accounts or, provided that the participant has sufficient collateral available on its collateral list, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13, to debit the primary MCA for the billable item, thereby creating an intraday loan to be covered in accordance with Part II 'Terms and Conditions for Main Cash Accounts (MCAs)', Article 10.
  - d. If it has not been possible to cover the billable item before the end of the monetary policy day, the participant is obliged to immediately pay the uncovered part to Danmarks Nationalbank. The participant is also obliged to pay an amount of kr. 50,000 to Danmarks Nationalbank. Danmarks Nationalbank is authorised to debit the amount from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank issues a separate invoice for the amount, which is available on the same day as the debiting takes place. Danmarks Nationalbank may change the amount at any time without notice.
8. Danmarks Nationalbank shall also be entitled, without prior legal action and without notice, to realise the assets pledged by the participant as security for any debt which the participant has and may subsequently incur to Danmarks Nationalbank.
9. If a paying agent has been appointed, cf. subsection (5), Danmarks Nationalbank is authorised to debit the paying agent's primary MCA, including creating intraday loans, as well as other accounts as described above.

## **Article 9 – Billing Groups**

1. At the request of the participant, Danmarks Nationalbank sets up a billing group so that its members may benefit from the degressive pricing applicable to RTGS DCAs. The billing group may only consist of RTGS DCA holders belonging to the same banking group.
2. Upon the request of an RTGS DCA holder, Danmarks Nationalbank adds such RTGS DCA holder to or delete it from any TARGET DKK billing group. The RTGS

DCA holder shall inform all other members of the billing group of such request prior to making it.

3. RTGS DCA holders included in a billing group are invoiced separately as set out in Article 8.

#### **Article 10 – Obligations of Danmarks Nationalbank and the participants**

1. Danmarks Nationalbank offers the services listed in Parts II-XII. Unless otherwise provided in these Terms and Conditions or required by law, Danmarks Nationalbank uses all reasonable means at its disposal to perform its obligations under these Terms and Conditions, but without guaranteeing a specific result.
2. Danmarks Nationalbank is the provider of services pursuant to these Terms and Conditions. Acts and omissions of the Eurosystem as provider of TARGET Services shall be deemed to be acts and omissions of Danmarks Nationalbank, for which it is liable in accordance with Article 22. Participation pursuant to these Terms and Conditions does not constitute a contractual relationship between the participants and the Eurosystem or between the participants and 4CB. Instructions, notifications or information received from, or sent to, TARGET Services by a participant in relation to services provided in accordance with these Terms and Conditions shall be deemed to be received from, or sent to, Danmarks Nationalbank.
3. The participant shall honour all payment obligations to Danmarks Nationalbank in accordance with these Terms and Conditions.
4. The participant shall ensure that it is technically connected to TARGET DKK in accordance with the TARGET DKK operating schedule set out in Appendix 3. This obligation may be fulfilled through a designated entity as referred to in Article 7 (co-management).
5. The participant shall represent and warrant to Danmarks Nationalbank that the performance of the participant's obligations under these Terms and Conditions does not violate any law, regulations or statutes to which the participant is subject or any agreement by which the participant is bound.
6. The participant shall pay any stamp duties or other taxes or duties, if applicable, and any other expenses incurred by the participant in connection with its participation in TARGET DKK.

#### **Article 11 – Cooperation and information exchange**

1. In fulfilling their obligations and exercising their rights under these Terms and Conditions, Danmarks Nationalbank and participants shall cooperate closely to ensure the stability, soundness and safety of TARGET DKK. They shall provide each other with any information or documents relevant to the fulfilment of their respective obligations and the exercise of their respective rights under these Terms and Conditions, without prejudice to obligations arising from banking secrecy.
2. Danmarks Nationalbank establishes and operates a system support function to assist participants in solving problems that arise in connection with system operations.
3. Up-to-date information on the operational status of each TARGET Services service will be available on the ECB's website.
4. Danmarks Nationalbank may send system relevant messages to participants by means of a broadcast message or, if this method is not available, by any other appropriate means of communication.

5. Participants shall submit forms, which can be found on Danmarks Nationalbank's website or obtained from Danmarks Nationalbank, regarding the collection of static data for Danmarks Nationalbank. Participants are responsible for verifying the accuracy of the information relating to them that Danmarks Nationalbank has entered in TARGET DKK.
6. The participant hereby authorises Danmarks Nationalbank to provide the Eurosystem with any information relating to participant that the Eurosystem may need in connection with the provision of the services provided by the Eurosystem.
7. Participants shall notify Danmarks Nationalbank without undue delay of any changes in their legal capacity and any relevant legislative changes affecting the matters addressed in any submitted legal opinion concerning the law of the country concerned.
8. Danmarks Nationalbank may at any time request an update or renewal of opinions concerning the law of the country concerned or legal opinions.
9. Participants shall notify Danmarks Nationalbank immediately in the event of any breach of these Terms and Conditions or if crisis prevention measures or crisis management measures are imposed on them pursuant to the national rules implementing Directive 2014/59/EU of the European Parliament and of the Council or other similar relevant legislation.

## **Article 12 – Interest on accounts**

1. Banks, mortgage credit institutions and branches thereof that have been granted access to Danmarks Nationalbank's monetary policy instruments, cf. Article 4(3), shall receive interest on positive and negative current account balances at 18:00 in connection with the closing of the business day, cf. Appendix 3. Current account balances accrue interest at the current account interest rate set by Danmarks Nationalbank, which can be positive, zero or negative. The interest rate is set on the business days stipulated by Danmarks Nationalbank and is published on Danmarks Nationalbank's website.
2. Interest is calculated on a daily basis (after possible conversion to certificates of deposit, see Part II 'Terms and Conditions for Main Cash Accounts (MCAs)', Article 13 on the basis of actual days/360 days. Interest is accrued monthly on the second business day of the following month for the period from the first to the last calendar day of that month. If the interest rate or current account balance is negative, Danmarks Nationalbank is authorised to debit the participant's primary MCA for the accrued negative interest amount. The debit takes place on the above-mentioned interest accrual day, generally at 07:30.
3. If a negative interest amount (in the case of a positive current account balance remunerated at a negative current account interest rate or a negative current account balance remunerated at a positive current account interest rate) exceeds the balance on the primary MCA at 07:30, Danmarks Nationalbank is authorised, until the close of the monetary policy day and at Danmarks Nationalbank's discretion, to debit the participant's other accounts or, provided that the participant has sufficient collateral available on its collateral list, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13, to debit the primary MCA for the interest amount, thereby creating an intraday loan to be covered in accordance with Part II 'Terms and Conditions for Main Cash Accounts (MCAs)', Article 10.
4. If it has not been possible to cover the negative interest amount before the end of the monetary policy day, the participant is obliged to pay the part of the negative interest amount that is not covered to Danmarks Nationalbank immediately. The participant is also obliged to pay an amount of kr. 50,000 to Danmarks Nationalbank. Danmarks Nationalbank is authorised to debit the amount from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank issues a sepa-

rate invoice for the amount, which is available on the same day as the debiting takes place. Danmarks Nationalbank may change the amount at any time without notice.

5. Danmarks Nationalbank shall also be entitled, without prior legal proceedings and without notice, to realise the assets pledged by the participant as security for any debt which the participant has and may subsequently incur to Danmarks Nationalbank.

### **Article 13 – Management of accounts**

1. Participants shall monitor and manage the liquidity on their accounts in accordance with the TARGET DKK operating schedule as set out in Appendix 3 and perform reconciliation at transaction level at least once per day. This obligation may be fulfilled through a designated entity referred to in Article 7.
2. Participants shall make use of the tools provided by Danmarks Nationalbank for the purpose of account reconciliation, in particular the daily account statement made available to each participant. This obligation may be fulfilled through a designated entity referred to in Article 7.
3. In the event of discrepancies between the participant's own entries and Danmarks Nationalbank's account statement, the participant must notify Danmarks Nationalbank, Internal Audit, immediately in writing. The account statement shall be deemed approved unless the participant has objected to Danmarks Nationalbank immediately after the statement is available in TARGET DKK. In the event of failure to make a timely complaint, a transcript of Danmarks Nationalbank's books shall be decisive. If Danmarks Nationalbank wishes to obtain balance recognition from the participant, the participant must confirm the correctness of a submitted statement to Danmarks Nationalbank, Internal Audit, immediately or object if the statement is not in accordance with the participant's own entries.

### **Article 14 – Access to credit in Danish kroner and pledging of collateral**

1. Participants in the settlement of payments in Danish kroner have access to intraday loans in Danish kroner at Danmarks Nationalbank. Participants with access to monetary policy instruments also have access to interday credit (monetary policy weekly loans) in Danish kroner.
2. Credit in Danish kroner is only granted against collateral. Terms and conditions for pledging of collateral are set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans' and Part XI 'Terms and Conditions for Use of SCP as Collateral for Intraday Loans at Danmarks Nationalbank'.
3. The participants' collateral pledged to Danmarks Nationalbank pursuant to the Terms and Conditions is financial collateral in accordance with Chapter 36 in the Danish Act on Capital Markets.

### **Article 15 – Floor and ceiling amounts**

1. Participants can specify floor or ceiling amounts in their MCAs or DCAs.
2. Participants can choose to receive a notification if the floor or ceiling amount is breached. In addition, for MCAs or RTGS DCAs participants may opt for the breach to trigger a rule-based liquidity transfer order.
3. Settlement of a liquidity transfer order shall not trigger a check of whether the floor or ceiling amount has been breached.

## **Article 16 – Account monitoring group**

1. An MCA holder may create one or more account monitoring groups for the purpose of monitoring liquidity on several MCAs or DCAs and will become the leader party for any account monitoring group that it creates.
2. A participant may add any of its MCAs or DCAs opened within TARGET Services to one or more account monitoring groups and thereby become a member of that account monitoring group. A member of an account monitoring group may initiate the removal of its account from that account monitoring group at any time. A participant shall inform the leader party of an account monitoring group before adding an account or removing an account from that account monitoring group.
3. Only the leader party of an account monitoring group shall be able to view the balances of all accounts included in that account monitoring group.
4. The leader party may delete the account monitoring group and shall inform the other members of the account monitoring group prior to such deletion.

## **Article 17 – Acceptance and rejection of cash transfer orders**

1. Cash transfer orders submitted by participants are deemed accepted by Danmarks Nationalbank if:
  - a. the transfer message complies with the technical requirements for TARGET DKK described in Appendix 1
  - b. the transfer message complies with the formatting rules and conditions described in Appendix 1
  - c. the transfer message passes the double-entry check described in Appendix 1
  - d. in cases where a payer has been suspended from debiting its account or accounts or a payee has been suspended from crediting its account or accounts, Danmarks Nationalbank has given its consent to the cash transfer order; and
  - e. in cases where the cash transfer order is executed as part of an RTGS AS settlement procedure, the participant's account is included in the settlement bank account group requested by the relevant AS, as specified in Part VI 'Terms and Conditions for Ancillary Systems (AS) using RTGS AS Settlement Procedure', Article 1(6).
2. Danmarks Nationalbank rejects any cash transfer order that does not fulfil the conditions in subsection (1). Danmarks Nationalbank notifies the participant of the rejection of a cash transfer order as referred to in Appendix 1.

## **Article 18 – Entry of cash transfer orders into the system and their irrevocability and finality**

1. In relation to the Settlement Finality Directive, Article 3(1), first sentence and Article 5 and the Capital Markets Act (Consolidated Act no. 198 of 26 February 2024 with subsequent amendments), Sections 163 and 166:
  - a. All cash transfer orders, other than those referred to in (b), (c) and (d) of this subsection (1), shall be deemed entered into TARGET DKK and irrevocable at the moment the relevant participant's account has been debited.

- b. Instant payment orders are deemed to have been entered into TARGET DKK and irrevocable at the moment the relevant funds are reserved in the participant's TIPS DCA.
  - c. In the case of transactions that have been settled on T2S DCAs and that are subject to matching of two separate transfer orders:
    - i. Such transfer orders, except as provided for in point (ii), shall be deemed entered into TARGET DKK at the moment the T2S Platform declares that they comply with the technical rules of T2S and irrevocable at the moment the transaction is marked as 'matched' on the T2S Platform.
    - ii. For transactions involving a participating central securities depository (CSD) that has a separate matching component where transfer orders are sent directly to that participating CSD to be matched in the separate matching component, such transfer orders are deemed to have been entered into TARGET DKK at the moment the participating CSD declares that they comply with the technical rules of T2S and irrevocable at the moment the transaction is marked as 'matched' on the T2S Platform. The list of participating CSDs to which point (ii) applies is available on the ECB's website.
  - d. Cash transfer orders in connection with the RTGS AS settlement procedure shall be deemed to have been entered into TARGET DKK on the account to be debited at the moment they are accepted by TARGET DKK and shall be irrevocable at that moment.
2. The provisions of subsection (1) shall not affect any rules of the AS that stipulate at the moment of entry into the AS and/or irrevocability of cash transfer orders submitted to such AS.
  3. Cash transfer orders included in an algorithm may not be revoked during the period that the algorithm is running.
  4. A transaction is complete when it is registered to the relevant account. However, a transaction between two or more participants at Danmarks Nationalbank is not finalised until it has been registered on all accounts at Danmarks Nationalbank affected by the transaction.

## **Article 19 – Business continuity and contingency procedures**

1. In the event of an extraordinary external event or any other event affecting transactions on TARGET DKK accounts, the business continuity and contingency procedures described in Appendix 2 shall apply.
2. Danmarks Nationalbank provide assistance in connection contingency procedures having regard to the continued operation of TARGET DKK. The following forms are relevant for contingency procedures: "Request for transfer from an account in Danish kroner at Danmarks Nationalbank", "Request for purchase of certificates of deposit", "Request for sale of certificates of deposit", "Request to raise a monetary policy loan", "Request for withdrawal and/or placement of securities in the pledged securities account for credit facilities in Danish Kroner" and "Request for transfer from an account in relation to CLS settlement". Forms are sent to Danmarks Nationalbank by e-mail or fax.
3. In exceptional circumstances, the TARGET DKK operating schedule may be amended. In such cases, participants will be informed by Danmarks Nationalbank.
4. In exceptional circumstances, an AS may request Danmarks Nationalbank to modify the TARGET DKK operating schedule.

5. A contingency procedure is provided for use in the cases described in subsection (1). Connecting to, and using, the contingency procedure is mandatory for ASs using the settlement procedure and for all RTGS DCA holders.

## **Article 20 – Security requirements**

1. Participants shall implement adequate security controls to protect their systems from unauthorised access and use. Participants shall be exclusively responsible for the adequate protection of the confidentiality, integrity and availability of their systems.
2. Participants shall notify Danmarks Nationalbank immediately of any security incidents in their technical infrastructure and, where appropriate, of security incidents in the technical infrastructure of third-party providers. Danmarks Nationalbank may request further information about the incident and, if necessary, require the participant to implement appropriate measures to prevent such an event from occurring again.
3. Danmarks Nationalbank may impose additional security requirements on all participants and/or on those participants which, according to Danmarks Nationalbank's discretion, are critical, in particular with regard to cybersecurity or the prevention of fraud.
4. Participants must provide the following to Danmarks Nationalbank:
  - a. unhindered access to their attestation of adherence with the chosen network service provider's endpoint security requirements
  - b. on an annual basis, the TARGET DKK self-certification as required for the types of accounts they hold and as published on Danmarks Nationalbank's website.
5. Danmarks Nationalbank assesses the participant's self-certification(s) of its compliance with each of the requirements set out in the TARGET DKK self-certification requirements. These requirements are listed in Appendix 5.
6. Participants' compliance with the TARGET DKK self-certification requirements is categorised as follows in ascending order of severity: 'full compliance', 'minor non-compliance' or 'major non-compliance'. The following criteria apply: full compliance is reached where participants satisfy 100% of the requirements; minor non-compliance is where a participant satisfies less than 100% but at least 66% of the requirements; and major non-compliance is where a participant satisfies less than 66% of the requirements. If a participant demonstrates that a specific requirement is not applicable to it, it shall be considered as compliant with the respective requirements for the purposes of the categorisation. A participant which fails to reach 'full compliance' shall submit an action plan demonstrating how it intends to reach full compliance. Danmarks Nationalbank notifies the relevant supervisory authorities of the compliance status of such participants.
7. If the participant refuses to provide unhindered access to its evidence of compliance with the selected network service provider's endpoint security requirements or fails to provide the TARGET DKK self-certification, the participant's compliance level is categorised as 'major non-compliance'.
8. Danmarks Nationalbank reassesses participant compliance annually.
9. Danmarks Nationalbank may impose the following measures on participants whose compliance level was assessed as minor or major non-compliance, in increasing order of severity:
  - a. Enhanced monitoring: The participant shall provide Danmarks Nationalbank with a monthly report signed by a senior officer on its progress in remedying the non-compliance. The participant shall also pay a monthly fee of the countervalue of EUR 1,000 to Danmarks Nationalbank for each affected ac-

count. This measure of redress may be imposed in the event the participant receives a second consecutive assessment of minor non-compliance or an assessment of major non-compliance;

- b. Suspension: Participation in TARGET DKK may be suspended in the circumstances referred to in Article 25(2)(b) and/or (c). Notwithstanding Article 25, the participant shall be given three months' notice of such suspension. The participant shall pay a monthly fee of the countervalue of EUR 2,000 to Danmarks Nationalbank for each suspended account. This measure of redress may be imposed in the event the participant receives a second consecutive assessment of major non-compliance;
  - c. Termination: Participation in TARGET DKK may be terminated in the circumstances referred to in Article 25(2)(b) and/or (c). Notwithstanding Article 25, the participant shall be given three months' notice of such termination. The participant shall incur an additional fee of the countervalue of EUR 1,000 for each terminated account. This remedial action may be imposed if the participant has not remedied the major non-compliance to the satisfaction of Danmarks Nationalbank following three months of suspension.
10. Participants that allow other entities to access their TARGET DKK accounts as set out in Article 7 (i.e. co-managees) and participants that have registered addressable BIC holders, as set out in Part III 'Terms and Conditions for Real-Time Gross Settlement Dedicated Cash Accounts (RTGS DCAs)', Article 2, shall take measures to address the risks associated with allowing such access in accordance with the security requirements set out in subsections (1)-(9), but shall not be required to provide Danmarks Nationalbank with documentation and self-certification.

## **Article 21 – Corrections**

- 1. An incorrect transaction caused by Danmarks Nationalbank is corrected by Danmarks Nationalbank to the extent possible. Danmarks Nationalbank is entitled to reverse the transaction. Danmarks Nationalbank's obligation only includes the re-postings and validations necessary for the correction. An incorrect transaction that is not caused by Danmarks Nationalbank shall not be corrected by Danmarks Nationalbank and shall be of no concern to Danmarks Nationalbank.

## **Article 22 – Liability regime**

- 1. Danmarks Nationalbank and the participants shall exercise due diligence in the fulfilment of their obligations under these Terms and Conditions.
- 2. Danmarks Nationalbank is not liable for losses caused by disruption or failure of the technical infrastructure (including, but not limited to, Danmarks Nationalbank's IT infrastructure, programmes, data, applications or networks), transmission errors, transmission disruptions, programme errors or unauthorised intrusion into data transmission connections.
- 3. Danmarks Nationalbank is not liable for losses arising as a result of errors or fraud related to other systems that the participant may use for connection, communication and/or connection to Danmarks Nationalbank's systems.
- 4. Danmarks Nationalbank is not liable for losses incurred in connection with transactions unless the loss is due to an error that can be attributed to Danmarks Nationalbank, without prejudice to Article 21.
- 5. Danmarks Nationalbank shall not be liable:
  - a. to the extent that the loss is caused by the participant; or



- b. if the loss is caused by external events beyond Danmarks Nationalbank's reasonable control (force majeure).
6. Danmarks Nationalbank may authorise third parties to perform some or all of its obligations under these Terms and Conditions in its name, in particular providers of telecommunications or other networks or other entities, if this is necessary to fulfil Danmarks Nationalbank's obligations or if this is normal market practice. Danmarks Nationalbank's obligation shall be limited to the proper selection and authorisation of such third party and Danmarks Nationalbank's liability shall be limited accordingly, see also Article 21. For the purposes of this subsection (6), Eurosystem central banks shall not be considered third parties.
7. If a participant suffers a loss as a result of an error on the part of the Eurosystem, Danmarks Nationalbank's liability shall be limited to the amount that Danmarks Nationalbank may receive as compensation from the Eurosystem.
8. Under no circumstances shall Danmarks Nationalbank be liable for participants' indirect or consequential losses.
9. Participants shall not be entitled to bring any claim, directly or indirectly, against the Eurosystem in connection with the T2, T2S and TIPS services used by Danmarks Nationalbank. If a participant nevertheless brings a claim against the Eurosystem, the participant shall be liable in accordance with subsection (10) below.
10. Pursuant to the Currency Participation Agreements (the agreements concluded between the Eurosystem and Danmarks Nationalbank on Danmarks Nationalbank's participation in T2, T2S and TIPS with Danish kroner), Danmarks Nationalbank is obliged to indemnify the Eurosystem against any direct loss arising as a consequence of any act or omission by participants in relation to T2, T2S and TIPS and for any claims the participants or any third parties directly or indirectly brings against the Eurosystem, insofar as such loss is not (i) caused by the Eurosystem's negligence or (ii) a failure of the technical IT infrastructure for T2, T2S and TIPS, respectively, and the Eurosystem has failed to take reasonable precautions necessary to protect the infrastructure. The Eurosystem is not liable for force majeure or the actions of third parties or network providers. Danmarks Nationalbank's liabilities are further described in the Currency Participation Agreements. The total liability of Danmarks Nationalbank vis-à-vis the Eurosystem is limited to EUR 10,000,000 per calendar year for T2S and to EUR 200,000 per calendar year for TIPS and T2 respectively. A participant shall be liable to Danmarks Nationalbank for any such loss which Danmarks Nationalbank may be obliged to reimburse to the Eurosystem under the Currency Participation Agreements as a result of that participant's acts or omissions or the participant's claims brought against the Eurosystem.

## **Article 23 – Evidence**

1. Unless otherwise provided for in these Terms and Conditions, all cash transfer orders and related messages, such as confirmations of debits and credits or statement messages between Danmarks Nationalbank and participants, are sent through the relevant network service provider (NSP).
2. Electronic or written records of messages held by Danmarks Nationalbank or by the relevant NSP shall be recognised as evidence of payments processed by Danmarks Nationalbank. The saved or printed version of the original message of the relevant NSP shall be recognised as evidence, regardless of the form of the original message.
3. If a participant's connection to the NSP fails, the participant shall use the alternative means of sending messages as agreed with Danmarks Nationalbank. In such cases, the saved or printed version of the message provided by Danmarks Nationalbank shall have the same validity as the original message, regardless of its form.

4. Danmarks Nationalbank keeps complete records of cash transfer orders submitted by participants and payments received by participants for a minimum of five years from the end of the financial year in which the cash transfer orders were submitted and payments received, respectively.
5. Danmarks Nationalbank's own books and records shall be recognised as evidence of the participants' obligations and of any other matters relied upon by the parties.

#### **Article 24 – Duration, ordinary termination and closure of accounts**

1. Subject to Article 25, access to participation in TARGET DKK is granted for an indefinite period of time.
2. A participant may terminate any of the following at any time giving at least 14 business days' notice, unless the participant agrees a shorter notice period with Danmarks Nationalbank:
  - a. its entire participation in TARGET DKK
  - b. one or more of the participant's DCAs and/or RTGS AS technical accounts
  - c. one or more of the participant's MCAs, provided the participant still has at least one MCA.
3. It is a condition for the participant's termination, cf. above, that all obligations arising out of the participant's participation in TARGET DKK have been fulfilled and, in respect of the participant's RTGS DCA and/or sub-accounts, that any obligations arising out of the use of these accounts have been fulfilled, and that any obligations towards Danmarks Nationalbank arising out of Danmarks Nationalbank's guarantee given to an ancillary system at any time have been honoured.
4. At any time, and unless Danmarks Nationalbank agrees a different notice period with the participant, Danmarks Nationalbank may give three months' notice to terminate the participant's participation in TARGET DKK, in whole or in part, and demand settlement of any outstanding balance before the expiry of the notice period. If the outstanding balance is not settled, Danmarks Nationalbank shall be entitled to realise the collateral provided by the participant without notice. Upon termination of the participant's access to the monetary policy instruments, Danmarks Nationalbank is entitled to redeem the participant's certificates of deposit early at the current price at the end of the notice period.
5. On termination of participation, the confidentiality duties laid down in Article 28 shall remain in force for a period of five years starting on the date of termination, unless a longer period is required by applicable law.
6. Upon termination of participation, Danmarks Nationalbank shall close all accounts of the participant concerned in accordance with Article 26.

#### **Article 25 – Suspension and extraordinary termination of participation**

1. A participant's participation in TARGET DKK shall be terminated immediately and without notice if any of the following events of default occur:
  - a. the opening of insolvency proceedings; and/or
  - b. the participant no longer fulfils the eligibility criteria set out in Article 4.

For the purposes of this subsection (1), the taking of crisis prevention measures or crisis management measures in accordance with the national rules implementing Directive 2014/59/EU of the European Parliament and of the Council, as amended, against a participant shall not automatically qualify as the opening of insolvency proceedings.

2. At Danmarks Nationalbank's discretion, Danmarks Nationalbank may terminate or suspend the participant's participation in TARGET DKK without notice, if:
  - a. one or more events of default (other than those referred to in subsection (1)) occur
  - b. the participant is otherwise in material breach of these provisions
  - c. the participant fails to fulfil a material obligation to Danmarks Nationalbank
  - d. the participant ceases to have a valid agreement with an NSP to provide the necessary connection to TARGET DKK
  - e. any other event relating to the participant occurs which, in the opinion of Danmarks Nationalbank, would jeopardise the overall stability, soundness and safety of TARGET DKK or impede Danmarks Nationalbank in the performance of its tasks as described in the Danmarks Nationalbank Act and the By-Laws of Danmarks Nationalbank and the Statute of the European System of Central Banks and the European Central Bank, or which, for prudential reasons, would pose risks and/or
  - f. the participant is excluded from or otherwise ceases to be a member of one of the NSP Closed Group of Users.
3. In exercising its discretion under subsection (2), Danmarks Nationalbank takes into account, inter alia, the significance of the event of default or the events referred to in subsection (2)(a)-(c).
4. If Danmarks Nationalbank suspends or terminates a participant's participation in TARGET DKK pursuant to subsection (1) or (2), Danmarks Nationalbank informs the participant concerned and other participants in TARGET DKK of the suspension or termination without undue delay.
5. Participants shall bear any loss arising from the submission of a cash transfer order to participants whose participation is suspended or terminated.

#### **Article 26 – Closure of TARGET DKK accounts by Danmarks Nationalbank upon termination of participation**

1. Upon termination of the participant's participation in TARGET DKK pursuant to Article 24 or 25, Danmarks Nationalbank closes the accounts of the participant concerned, after settling or rejecting any queued cash transfer orders and exercising its rights of set-off pursuant to Article 27.

#### **Article 27 – Danmarks Nationalbank's right to set-off and access to final settlement**

1. On the occurrence of:
  - a. an event of default, referred to in Article 25(1); or
  - b. any other event of default or other event as described in Article 25(2) that has led to the termination or suspension of a participant's participation, irrespective of the opening of any insolvency proceedings concerning a participant and irrespective of any assignment, judicial or other attachment or any other disposition of or in respect of the participant's rights,all obligations of the participant shall automatically and immediately become due and payable, without notice. Furthermore, the mutual obligations of the participant and Danmarks Nationalbank shall automatically be set-off against each other and the party owing the higher amount shall pay the difference to the other party.
2. Danmarks Nationalbank notifies the participant of any set-off pursuant to subsection (1) immediately after such set-off has taken place.

3. Danmarks Nationalbank may debit any participant's accounts without notice by an amount that the participant owes Danmarks Nationalbank as a result of the legal relationship between the participant and Danmarks Nationalbank.
4. Danmarks Nationalbank may thus require close-out netting if the participant defaults on its obligations, including if the participant is placed under insolvency proceedings, cf. Section 206 of the Danish Capital Markets Act, or if execution is levied against a claim including in the close-out netting provision. Close-out netting may include any present or future obligation between Danmarks Nationalbank and the participant covered by these Terms and Conditions giving the right to cash settlement or delivery of securities. In connection with the close-out netting, the obligations involved are calculated in Danish kroner and settled as a single net balance. Close-out netting takes place when Danmarks Nationalbank notifies the participant.
5. The provisions of this Article does not entail any right or right to set-off with regard to the following accounts used by AS:
  - a. accounts used in accordance with the AS settlement procedure according to Part VI 'Terms and Conditions for Ancillary Systems (AS) using the RTGS AS Settlement Procedure'
  - b. accounts managed by AS in accordance with Parts II to V and where there are funds in such accounts that do not belong to AS but are held on behalf of their customers or used to settle cash transfer orders on behalf of their customers.

#### **Article 28 – Confidentiality**

1. Danmarks Nationalbank treats all sensitive or secret information as confidential, including when such information relates to payments, technical or organisational information belonging to the participant, participants from the same group, or the participant's customers, unless the participant or its customers have given its written consent or such disclosure is permitted or required under Danish law.
2. By way of derogation from subsection (1), the participant agrees that information on any measures taken pursuant to Article 25 shall not be confidential and may be disclosed in accordance with Article 25(4).
3. By way of derogation from subsection (1), the participant agrees that Danmarks Nationalbank may disclose payment, technical or organisational information about the participant, participants from the same group or participant's customers obtained as part of the operation of TARGET DKK to:
  - a. other central banks or third parties involved in the operation of TARGET DKK, insofar as this is necessary for the efficient functioning of TARGET Services as a whole or for the monitoring of the exposure of the participant or its group
  - b. other central banks to carry out the necessary analyses for open market operations, monetary policy functions, financial stability or financial integration
  - c. supervisory, resolution and oversight authorities of Member States and the Union, including central banks, to the extent that this is necessary for the performance of their public tasks;

and provided that, in all such cases, the disclosure is not contrary to applicable law.
4. Danmarks Nationalbank shall not be liable for the financial and commercial consequences of a disclosure made in accordance with subsection (2) or (3).
5. By way of derogation from subsection (1), and on condition that this does not make it possible, either directly or indirectly, to identify a participant or a participant's customers, Danmarks Nationalbank may disclose or publish payment in-

formation and other transactions relating to participants or participants' customers for statistical, historical, research, financial stability oversight or other purposes in the performance of Danmarks Nationalbank's tasks or, if the information is disclosed to other public authorities, in the performance of those authorities' tasks.

6. Information relating to the operation of TARGET DKK to which participants have had access may only be used for the purposes set out in these Terms and Conditions. Participants shall treat such information as confidential unless Danmarks Nationalbank has given its express written consent to disclosure. Participants shall ensure that third parties to whom they entrust the performance of tasks that have or may have an impact on the fulfilment of their obligations under these Terms and Conditions are bound by the confidentiality requirements in this Article.
7. In order to process cash transfer orders, Danmarks Nationalbank shall be authorised to process and transfer the necessary data to the NSP.
8. Danmarks Nationalbank may, moreover, disclose confidential data in the cases mentioned in Section 20(2) of the Danmarks Nationalbank Act as well as in accordance with the rules of the Danish Public Administration Act and the Danish Criminal Code.
9. Danmarks Nationalbank may use information relating to payments and other transactions recorded by participants in TARGET DKK for statistical, historical and research purposes, and for the oversight of financial stability or for other purposes in the performance of Danmarks Nationalbank's tasks.

#### **Article 29 – Prevention of money laundering, administrative or restrictive measures and related matters**

1. Participants shall be deemed to be aware of and shall comply with all obligations incumbent upon them in relation to legislation on the prevention of money laundering and financing of terrorism, proliferation-sensitive nuclear activities and the development of nuclear weapon delivery systems, in particular as regards the implementation of appropriate measures in respect of payments debited or credited to their TARGET DKK accounts.
2. Participants shall be deemed to have authorised Danmarks Nationalbank to obtain any information relating to them from any financial and supervisory authorities or professional organisations, both domestic and foreign, if such information is necessary for the participant's participation in TARGET DKK.
3. Participants, when acting as the payment service provider of a payer or payee, shall comply with all requirements resulting from administrative or restrictive measures imposed pursuant to Article 75 or 215 of the Treaty on the Functioning of the European Union to which they are subject, including with respect to notification and/or the obtaining of consent from a competent authority in relation to the processing of transactions. In addition:
  - a. when Danmarks Nationalbank is a payment service provider for a participant who is a payer:
    - i. the participant shall give the required notification and shall provide Danmarks Nationalbank with documentation that the notification has been given.
    - ii. the participant shall not enter any cash transfer orders for the transfer of funds to an account held by an entity other than the participant into TARGET DKK until it has received confirmation from Danmarks Nationalbank that the required notification has been given or that authorisation has been obtained by or on behalf of the payee's payment service provider.

- b. where Danmarks Nationalbank is the provider of payment services to a participant that is a payee, the participant shall give the required notification and shall provide Danmarks Nationalbank with evidence that the notification has been given.

For the purposes of this paragraph 3, the terms 'payment service provider', 'payer' and 'payee' shall have the meanings ascribed to them in the applicable administrative or restrictive measures.

## **Article 30 – Protection of personal data**

1. Participants shall be deemed to be aware of, shall comply with and shall be able to demonstrate to the relevant competent authorities compliance with all obligations incumbent on them under the data protection legislation. The term 'personal data' means any information relating to an identifiable person, as defined in Article 4(1) of Regulation 2016/679 of the European Parliament and of the Council (General Data Protection Regulation). Participants must ensure that they are informed of their chosen NSP's data retrieval policy before entering into a contractual relationship with the NSP.
2. TARGET DKK processes the following personal data:
  - a. Transaction data received in connection with participants' execution of payments on behalf of and/or in favour of private customers via TARGET DKK, where the participant includes information in the form of name, address, account number or other personal data in payment instructions entered into TARGET Services. The settlement of payments in TARGET Services does not require personal data.
  - b. Information about security officers and designated users (system users) who may perform transactions via TARGET DKK.
3. In relation to TIPS and T2, Danmarks Nationalbank, other non-euro area central banks in TIPS and T2 respectively, and the Eurosystem are joint controllers. In relation to T2S, Danmarks Nationalbank and the Eurosystem are joint controllers. The joint controllership is established in accordance with Article 26 of Regulation 2016/679 of the European Parliament and of the Council (General Data Protection Regulation) and the 'Arrangement on joint controllership' has been concluded between the joint controllers and is annexed to the Currency Participation Agreements concluded between Danmarks Nationalbank and the Eurosystem.
4. In relation to SPI, Danmarks Nationalbank is the data controller for user data.
5. With regard to the personal data processed in participants' own systems, the participant is the data controller.
6. Danmarks Nationalbank and the other central banks process this data in the exercise of official authority pursuant to Article 6(1)(e) of the GDPR and the ECB pursuant to Article 5(1)(a) of the EUDPR. Moreover, the data shall be processed solely for the purpose of performing tasks in connection with the operation of TARGET DKK and participants' access to, and use of, TARGET DKK.
7. Danmarks Nationalbank fulfils its obligations with the competence, prudence and diligence normally expected of a central bank.
8. Danmarks Nationalbank ensures that the persons authorised to process personal data have undertaken a duty of confidentiality and are otherwise subject to a statutory duty of confidentiality pursuant to Section 20 of the Danmarks Nationalbank Act.
9. Danmarks Nationalbank keeps personal data confidential and may not utilise or disclose it without authorisation. Danmarks Nationalbank limits access to personal data to those employees for whom access to personal data is necessary in

order to fulfil Danmarks Nationalbank's tasks in accordance with these Terms and Conditions.

10. Danmarks Nationalbank shall take the necessary technical and organisational security measures (as required by Article 32 of the General Data Protection Regulation) to prevent personal data processed from 1. being accidentally or unlawfully destroyed, lost or altered, 2. being disclosed or made available without authorisation, or 3. otherwise being processed in violation of the law, including the General Data Protection Regulation.

#### **Article 31 – Notifications and requests**

1. Unless otherwise provided in these Terms and Conditions, in case of contingency procedures all messages/notifications under these Terms and Conditions and requests shall be sent by registered mail, by fax or by email.

Messages to Danmarks Nationalbank shall be sent to:

Danmarks Nationalbank, Central Bank Customers, Banking and Markets, Lange-  
linie Allé 47, DK-2100 Copenhagen or to Danmarks Nationalbank's BIC address:  
DKNBDKXX.

A message or request by fax (contingency procedures) shall be sent to Dan-  
marks Nationalbank via fax no. +45 33 63 71 17.

An email notification or request shall be sent to [payments@nationalbanken.dk](mailto:payments@nationalbanken.dk).

Messages to participants shall be sent to the address, fax number, BIC address  
or email address that the participant has notified to Danmarks Nationalbank at  
any given time.

2. To prove that a message has been sent, it shall be sufficient to prove that the  
message was sent either physically or by electronic means to the relevant ad-  
dressee.
3. All messages must be given in Danish or English.
4. Participants shall be bound by all Danmarks Nationalbanks' documents and  
forms completed and/or signed by the participants, including static data forms  
pursuant to Article 5(4)(a) and information provided pursuant to Article 11(5),  
which have been submitted in accordance with subsections (1) and (2) and  
which Danmarks Nationalbank may reasonably be deemed to have received  
from participants, their employees or authorised representatives.
5. All forms must be delivered with original signatures, including digital signatures,  
as instructed by Danmarks Nationalbank.

#### **Article 32 – Contractual relationship with NSP**

1. In order to send or receive instructions or messages from TARGET Services,  
participants shall:
  - a. enter into a contract with an NSP within the framework of the concession  
contract with that NSP for the purpose of establishing a technical connec-  
tion to TARGET Services; or
  - b. connect via another entity which has itself concluded a contract with an NSP  
within the framework of the concession contract with that NSP.
2. From 22 April 2028, participants that are considered critical by Danmarks Na-  
tionalbank shall, in addition to the technical connection referred to in para-  
graph 1, establish a second technical connection for contingency purposes to

TARGET DKK through a second NSP in accordance with the modalities set out in paragraph 1. The second technical connection may be via the second NSP's low volume user to application (U2A) access.

3. The legal relationship between a participant and the NSP shall be exclusively governed by the terms and conditions of the contract concluded between them.
4. The services provided by the NSP shall not form part of the services provided by Danmarks Nationalbank in respect of TARGET Services.
5. Danmarks Nationalbank shall not be liable for any acts, errors or omissions by the NSP (including its management, employees and subcontractors) or for acts, errors or omissions by third parties selected by participants to gain access to the NSP's network.

### **Article 33 – Deviation from usual practice**

1. Danmarks Nationalbank shall be entitled at any time and without notice to deviate from the rules in these Terms and Conditions without incurring liability for monetary and exchange rate policy reasons.

### **Article 34 – Language**

1. These Terms and Conditions have been drafted in Danish and translated into English. If there is a discrepancy between the Danish text and the English translation, the Danish text shall prevail. Enquiries from Danmarks Nationalbank to participants are generally made in Danish.

### **Article 35 – Amendment procedure**

1. Danmarks Nationalbank may at any time unilaterally amend these Terms and Conditions, including the appendices hereto. Such amendments shall be announced by means of communication in writing made available via MS Teams. Participants may request access to MS Teams from Danmarks Nationalbank via email, cf. Article 31(2). Amendments shall be deemed to have been accepted unless the participant expressly objects within 14 days of being informed of such amendments. Changes may be made at shorter notice than 14 days if Danmarks Nationalbank deems it necessary or if circumstances beyond Danmarks Nationalbank's control make it necessary. However, the fees and prices as well as the days and times set out in these Terms and Conditions shall be subject to change without notice. If a participant objects to a change, Danmarks Nationalbank shall be entitled to terminate the participant's participation in TARGET DKK immediately and close all of the participant's TARGET DKK accounts.
2. If Danmarks Nationalbank so requests, the participant shall confirm receipt of amended provisions immediately.
3. Danmarks Nationalbank may, within the framework of these Terms and Conditions, including appendices hereto, set out supplementary provisions at any time and without notice.

### **Article 36 – Third-party rights**

1. Participants may not assign, pledge or transfer any right, interest, obligation, liability or any claim arising out of or in connection with these Terms and Conditions to any third party without the written consent of Danmarks Nationalbank.



2. These Terms and Conditions do not create any rights or obligations for anyone other than Danmarks Nationalbank and participants in TARGET DKK.

#### **Article 37 – Choice of law and legal venue**

1. Any dispute between the parties arising out of these Terms and Conditions shall be settled in accordance with Danish law at the legal venue of Danmarks Nationalbank.

#### **Article 38 – Entry into force and legal effect**

1. These Terms and Conditions shall enter into force on the business day 22 April 2025 and replace Danmarks Nationalbank's terms and conditions for accounts for monetary policy instruments and settlement of payments in Danish kroner, which were applicable prior to the date of entry into force.

Copenhagen, 24 March 2025

Danmarks Nationalbank

## Part II – Terms and Conditions for Main Cash Accounts (MCAs)

### Article 1 – Opening of an MCA

1. Danmarks Nationalbank sets up at least one MCA in Danish kroner for each participant, except if the participant is an AS that only uses the RTGS AS settlement procedure – in which case the use of an MCA shall be at the AS's discretion – or if a T2S DCA holder that is not a monetary policy counterparty has chosen to link its T2S DCA to another participant's MCA. An MCA is opened upon request to Danmarks Nationalbank by submitting the TARGET registration form, which can be obtained from Danmarks Nationalbank.
2. Participants must designate a primary MCA for the following purposes:
  - a. settlement of monetary policy operations
  - b. debiting of billable items, cf. Part I 'General Terms and Conditions', Article 8 and Appendix 4, unless the participant has designated another TARGET DKK participant for this purpose
  - c. debiting of other amounts due to Danmarks Nationalbank, including in the event of failure to cover intraday loans, cf. Article 10, failure to cover billable items, cf. Part I 'General Terms and Conditions', Article 8 and failure to cover any negative interest, cf. Part I 'General Terms and Conditions', Article 12
  - d. granting of intraday loans.
3. The granting of intraday loans is subject to the participant having sufficient available collateral on the collateral list, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13. Thus, a negative balance on a primary MCA must at all times be covered by collateral that fulfils the requirements set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities'. There must be no debit balance on an MCA that is not the primary MCA.

### Article 2 – Co-management of an MCA

1. At the request of an MCA holder, Danmarks Nationalbank will allow an MCA held by that MCA holder (co-managee) to be co-managed by another MCA holder (co-manager) in TARGET DKK. A co-managee can only hold one MCA.
2. The co-manager has the same user rights in relation to an MCA that they co-manage as they have in relation to their own MCA.
3. Danmarks Nationalbank may authorise the following MCA holders as co-managees:
  - a. banks that belong to group 3 or 4 in the Danish Financial Supervisory Authority's classification of banks by working capital and that are not participants in an NSP
  - b. banks that do not belong to groups 3 or 4, cf. above, and mortgage credit institutions according to Danmarks Nationalbank's specific assessment.
4. A co-managee is a monetary policy counterparty and the co-managee's MCA thus accrues interest at the current account rate.
5. The MCA holder provides documentation to Danmarks Nationalbank of the co-manager's consent to act in this capacity.

6. A co-manager shall fulfil the obligations of the holder of an MCA in relation to the co-managed MCA pursuant to Part I of 'General Terms and Conditions', Article 5(2)(a), Article 10(4) and Article 32(1).
7. The co-managee shall fulfil a participant's obligations under Part I 'General Terms and Conditions' and Part II 'Terms and Conditions for Main Cash Accounts (MCAs)' in relation to the co-managed MCA. If the MCA holder does not have a direct technical connection to the TARGET DKK, Part I 'General Terms and Conditions', Articles 5(1)(a), 10(4), 32(1) and 20(4)-(9) shall not apply.
8. Part I 'General Terms and Conditions', Article 7 applies to an MCA holder that designates an entity as co-manager of its MCA pursuant to this Article.
9. The co-managee must notify Danmarks Nationalbank immediately if the co-manager ceases to act as such or the co-management agreement between the MCA holder and the co-manager is terminated. Until Danmarks Nationalbank has received notification in the form of a submitted form from the co-managee or co-manager of the termination of the agreement, the co-managee shall be bound by the transactions made by the co-manager on behalf of the co-managee.
10. Furthermore, the co-managee shall notify Danmarks Nationalbank immediately if it no longer belongs to group 3 or 4 or becomes a participant in an NSP, after which its participation in TARGET DKK as co-managee shall cease.
11. All underlying agreements between the co-manager and co-managee are of no concern to Danmarks Nationalbank.

### **Article 3 – MCA liquidity transfer group**

1. At the request of an MCA holder, Danmarks Nationalbank shall establish an MCA liquidity transfer group to enable the processing of MCA to MCA liquidity transfer orders.
2. At the request of an MCA holder, Danmarks Nationalbank shall add one of the MCA holder's MCAs or delete it from an existing MCA liquidity transfer group created in TARGET DKK. The MCA holder shall inform all other MCA holders in that MCA liquidity transfer group before making such a request.

### **Article 4 – Transactions processed via an MCA**

1. Transactions of any kind on an MCA are made in the participant's name.
2. An MCA can only be used for transactions in Danish kroner.
3. Withdrawals can only be made from an MCA if there are sufficient funds on the account, cf., for the primary MCA, Article 10 (Intraday loans).
4. The following transactions are processed via an MCA in TARGET DKK:
  - a. central bank operations
  - b. liquidity transfer orders to another MCA within the same MCA liquidity transfer group
  - c. liquidity transfer orders to a T2S DCA, TIPS DCA or RTGS DCA
  - d. transfer to a cash deposit account.
5. These transactions can be executed on the business days and times listed in Appendix 3.

## **Article 5 – Liquidity transfer orders**

1. An MCA holder may submit a liquidity transfer order as one of the following:
  - a. an immediate liquidity transfer order: an instruction for immediate settlement
  - b. a standing liquidity transfer order, which shall be an instruction for the recurring execution of the transfer of a specified amount on the occurrence of a predefined event each business day.

## **Article 6 – Rule-based liquidity transfer orders**

1. An MCA holder may specify a floor and/or a ceiling amount for its MCA.
2. If the ceiling amount is exceeded after settlement of a payment order, specifying a ceiling amount and selecting a rule-based liquidity transfer order shall be deemed an instruction from the MCA holder to Danmarks Nationalbank to execute a rule-based liquidity transfer order crediting an RTGS DCA or another MCA designated by that MCA holder within the same MCA liquidity transfer group.
3. By specifying a floor amount and selecting a rule-based liquidity transfer order, if the floor amount is exceeded after settlement of a payment order, a rule-based liquidity transfer order will be initiated debiting an RTGS DCA or another MCA that has been designated by that MCA holder within the same MCA liquidity transfer group. The holder of the RTGS DCA or MCA to be debited must authorise its account to be debited in this manner.
4. An MCA holder may authorise its MCA to be debited in the event that a floor amount is exceeded on one or more specified RTGS DCAs or MCAs within the same liquidity transfer group. By authorising the debiting of the account, the MCA holder is deemed to have instructed Danmarks Nationalbank to execute a rule-based liquidity transfer order crediting RTGS DCAs or MCAs when a floor amount is exceeded.
5. An MCA holder may authorise its MCA to be debited in the event that there is insufficient liquidity in an RTGS DCA designated for rule-based liquidity transfer orders pursuant to Part III 'Terms and Conditions for Real-Time Gross Settlement Dedicated Cash Accounts (RTGS DCAs)', Article 7(3) in order to settle urgent or high priority payment orders. By authorising the debiting of the account, the MCA holder is deemed to have instructed Danmarks Nationalbank to execute a rule-based liquidity transfer order crediting its RTGS DCA.

## **Article 7 – Processing of cash transfer orders**

1. Cash transfer orders, once accepted, shall be settled immediately provided that there is available liquidity on the payer's MCA.
2. If the funds on an MCA are insufficient to execute a payment, the relevant rule set out in (a)-(d) shall apply (depending on the type of cash transfer order):
  - a. Payment orders are not completed and are queued.
  - b. Immediate liquidity transfer orders are rejected without partial execution or any other attempts to settle them.
  - c. Standing liquidity transfer orders are partially executed without any other attempts to settle them.
  - d. Rule-based liquidity transfer orders are partially executed without any other attempts to settle them.

3. All cash transfer orders in the queue are processed on a first-in-first-out (FIFO) basis without prioritisation or reordering.
4. Cash transfer orders in the queue at the end of the business day shall be rejected.

#### **Article 8 – Liquidity reservation orders**

1. An MCA holder may instruct Danmarks Nationalbank to reserve a certain amount of liquidity on its MCA for the purpose of settling central bank operations in one of the following ways:
  - a. a current liquidity reservation order that shall have immediate effect for the current business day
  - b. a standing liquidity reservation order to be executed at the beginning of each business day.
2. If the amount of unreserved liquidity is insufficient to honour the current or standing liquidity reservation order, Danmarks Nationalbank shall execute the reservation order partially. Danmarks Nationalbank shall be deemed to have been instructed to execute further reservation orders until the outstanding amount to be reserved is reached. Pending reservation orders is rejected at the end of the business day.
3. Central bank operations shall be settled using the liquidity reserved as set out in paragraph 1 and other cash transfer orders shall only be settled using liquidity available after the amount reserved has been deducted.

#### **Article 9 – Processing of cash transfer orders in the event of suspension or termination**

1. Upon termination of an MCA holder's participation in TARGET DKK, Danmarks Nationalbank does not accept new cash transfer orders from that participant and queued transfer orders and warehoused payments shall be rejected. Upon termination of an MCA holder's participation in TARGET DKK for reasons other than those specified in Part I 'General Terms and Conditions', Article 25(1)(a), new cash transfer orders in favour of that participant shall also be rejected.
2. If an MCA holder is suspended from TARGET DKK, Danmarks Nationalbank may decide to store all of that participant's incoming and outgoing cash transfer orders on its MCA and settle them once the suspension is lifted.

#### **Article 10 – Intraday loans**

1. The MCA holder's maximum intraday loan is calculated according to the rules set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities'.
2. Danmarks Nationalbank's settlement day normally begins at 19:30 and ends at 17:00, cf. Appendix 3.
3. Intraday loans are registered on the participant's primary MCA. Interest is not charged on intraday loans.
4. Intraday loans can be redeemed by the participant at any time during a business day.
5. If the participant's current account balance (the sum of the positive balance/utilised intraday credit on the primary MCA and the balance on the partic-

participant's other accounts (excluding cash deposit accounts) is negative, the participant shall be obliged to cover the intraday loan within the same settlement day by 17:00 at the close of the monetary policy day.

6. If the participant's current account balance is negative and the intraday loan is not covered after 17:00, in addition to immediately covering the loan as stated above, the participant shall be obliged to pay an amount of kr. 50,000 to Danmarks Nationalbank. If the participant's current account balance is still negative at 17:15 and Danmarks Nationalbank has not received a request from another participant to cover the overdrawn participant by the same time, the participant shall be obliged to pay an additional amount of kr. 50,000 to Danmarks Nationalbank.
7. Danmarks Nationalbank is authorised to debit the amounts from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank shall issue a separate invoice for the amounts, which will be available on the same day as the debit takes place. Danmarks Nationalbank may change the amounts at any time without notice.
8. Danmarks Nationalbank shall also be entitled, without prior legal proceedings and without notice, to realise the assets pledged by the participant as collateral for the debt and also to repurchase the participant's certificates of deposit, whereby the proceeds are offset against the debit balance of the participant's primary MCA and thereby automatically reduce the participant's intraday loan, cf. Part VII 'Terms and Conditions for Certificates of Deposit', Article 4.
9. In the event of repeated delays in providing sufficient funds covering intraday loans, Danmarks Nationalbank reserves the right to terminate the loan facility without notice.
10. All participants must be able to make a request to Danmarks Nationalbank between 17:00 and 17:15 (or such later time as may be notified by Danmarks Nationalbank) to cover another participant's outstanding balance.

#### **Article 11 – Eligible collateral for intraday loans**

1. Intraday loans may be granted on the basis of the collateral set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities'. Participants' maximum intraday credit shall be calculated in accordance with the rules set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13.

#### **Article 12 – Interest**

1. Deposits in the MCA shall form part of the monetary policy counterparty's current account balance for accrual of interest, cf. Part I 'General Terms and Conditions', Article 12.

#### **Article 13 – Maximum deposit**

1. Each business day, Danmarks Nationalbank shall calculate the total balance of each monetary policy counterparty at 17:00 on its accounts in TARGET DKK (the participant's current account balance). If the sum of all monetary policy counterparties' current account balances exceeds the monetary policy counterparties' total current account limit, Danmarks Nationalbank may, on behalf of the individual counterparty, purchase certificates of deposit equivalent to the value of the proportion of the counterparty's balance that exceeds the counterparty's individual current account limit.

2. The investment in certificates of deposit is made at a price fixed by Danmarks Nationalbank. The number of certificates purchased on behalf of each participant is rounded up to the nearest whole number.

## **Part III – Terms and Conditions for Real-Time Gross Settlement Dedicated Cash Accounts (RTGS DCAs)**

### **Article 1 – Opening of an RTGS DCA**

1. At the request of an MCA holder, Danmarks Nationalbank sets up one or more RTGS DCAs in Danish kroner and one sub-account if required for the AS settlement procedure. An RTGS DCA and a related sub-account is opened upon request to Danmarks Nationalbank using the TARGET registration form, which can be obtained from Danmarks Nationalbank.
2. At the request of an RTGS DCA holder, Danmarks Nationalbank adds its RTGS DCA and sub-account to an account group for AS settlement. The RTGS DCA holder shall provide Danmarks Nationalbank with all relevant documents signed by the relevant RTGS DCA holder and the AS.
3. There must be no debit balance on an RTGS DCA or its sub-account.
4. The balance on the sub-account must be zero at the end of the monetary policy day.
5. A participant holding two or more RTGS DCAs shall designate one of its RTGS DCAs for the processing of automated liquidity transfer orders. Upon such designation, Danmarks Nationalbank shall be deemed to have been instructed by the RTGS DCA holder to execute an automated liquidity transfer crediting the MCA in the event that there are insufficient funds in the primary MCA to honour payment orders that are central bank operations.
6. A participant holding two or more RTGS DCAs and two or more MCAs shall designate one of its RTGS DCAs that is not already connected to the primary MCA to process automated liquidity transfer orders in the event that there are insufficient funds in one of its other MCAs to honour payment orders that are central bank operations.
7. A participant shall appoint an RTGS DCA, possibly a separate RTGS DCA, for settlement in Danish kroner in CLS on terms and conditions set out in the agreement entered into between CLS Bank and Danmarks Nationalbank at any given time ('Co-ordination Manual'). The participant shall inform both Danmarks Nationalbank and CLS which RTGS DCA it has designated for this purpose.

### **Article 2 – Addressable BIC holders**

1. RTGS DCA holders that are credit institutions as set out in Part I 'General Terms and Conditions', Article 4(1)(a)-(d) may register addressable BIC holders.
2. An addressable BIC holder may submit cash transfer orders to and receive cash transfer orders via an RTGS DCA holder.
3. An addressable BIC holder may not be registered by more than one RTGS DCA holder.
4. Cash transfer orders submitted or cash transfer orders received by addressable BIC holders shall be deemed to have been submitted or received by the participant itself.
5. The participant shall be bound by such cash transfer orders and any other action taken by the addressable BIC holders, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that participant and such entity.



### **Article 3 – Multi-addressee access**

1. An RTGS DCA holder that is a credit institution as defined in Part I 'General Terms and Conditions', Article 4(1)(a) to (d), may authorise the following credit institutions and branches to use the holder's RTGS DCA to submit and receive transfer orders directly using multi-addressee access:
  - a. credit institutions as defined in Part I 'General Terms and Conditions', Article 4(1)(a)-(d), belonging to the same banking group as the RTGS DCA holder
  - b. branches of the relevant RTGS DCA holder
  - c. other branches or the head-office of the same legal entity as the RTGS DCA holder.
2. Part I 'General Terms and Conditions', Article 7 applies to RTGS DCA holders who provide access to their RTGS DCAs using multi-addressee access.

### **Article 4 – RTGS liquidity transfer group**

1. At the request of an RTGS DCA holder, Danmarks Nationalbank creates an RTGS liquidity transfer group to process liquidity transfer orders from the RTGS DCA to the RTGS DCA.
2. At the request of an RTGS DCA holder, Danmarks Nationalbank adds one of the RTGS DCA holder's RTGS DCAs to, or delete it from, an existing RTGS liquidity transfer group. The RTGS DCA holder shall inform all other RTGS DCA holders in that RTGS liquidity transfer group before making such a request.

### **Article 5 – Transactions processed on an RTGS DCA and its sub-account**

1. Transactions of any kind on an RTGS DCA are made in the participant's name.
2. An RTGS DCA can only be used for transactions in Danish kroner.
3. Withdrawals can only be made from an RTGS DCA if there are funds in the account.
4. Payment orders to other RTGS DCAs must be processed via an RTGS DCA.
5. Cash transfer orders related to the RTGS AS settlement procedure must be settled via an RTGS DCA and its sub-account.
6. The following transactions can be processed via an RTGS DCA or its sub-account respecting Danmarks Nationalbank's collateral rights in the balance on the sub-account:
  - a. liquidity transfer orders to another RTGS DCA within the same RTGS liquidity transfer group
  - b. liquidity transfer orders to a TIPS DCA, T2S DCA or an MCA
  - c. registration of the participant's net position in an AS settlement.
7. Danmarks Nationalbank registers the participant's net position in its sub-account when Danmarks Nationalbank has received the ancillary system's notification of the participant's net position at the end of a settlement. Registration of the participant's net position in a settlement has not taken place until all net positions in the settlement have been registered.
8. Payments to another participant must be made by the participant itself as a transaction between the participant and the other participant. If the participant

makes such payment to Danmarks Nationalbank's account with a request to Danmarks Nationalbank to transfer the amount to the relevant participant, Danmarks Nationalbank shall return the amount to the participant and the participant shall be obliged to pay an amount of kr. 500 to Danmarks Nationalbank. Danmarks Nationalbank is authorised to debit the amount from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank issues a separate invoice for the amount, which is available on the same day as the debiting takes place. Danmarks Nationalbank may change the amount at any time without notice.

9. These transactions can be executed on the business days and times listed in Appendix 3.

#### **Article 6 – Liquidity transfer orders**

1. An RTGS DCA holder may submit a liquidity transfer order as one of the following:
  - a. as an immediate liquidity transfer order: an instruction for immediate settlement
  - b. a standing liquidity transfer order, which shall be an instruction for the recurring settlement of the transfer of a specified amount on the occurrence of a predefined event each business day.
2. A standing liquidity transfer order can be placed or modified by the RTGS DCA holder during a business day and shall be effective as of the next business day.
3. An immediate liquidity transfer order can be submitted by the RTGS DCA holder during a business day. An immediate liquidity transfer order for processing in accordance with the RTGS AS settlement procedure may also be submitted by the relevant AS on behalf of the settlement bank.

#### **Article 7 – Rule-based liquidity transfer orders**

1. An RTGS DCA holder can set a floor amount and/or ceiling amount for its RTGS DCA:
  - a. By specifying a ceiling and selecting a rule-based liquidity transfer order and if – after settlement of a payment order or AS transfer order – the ceiling is breached, the RTGS DCA holder shall be deemed to have instructed Danmarks Nationalbank to execute a rule-based liquidity transfer order crediting an MCA designated by the RTGS DCA holder in question. The credited MCA may belong to another participant.
  - b. By setting a floor and opting for a rule-based liquidity transfer order, if, following the settlement of a payment order or AS transfer order, the floor is breached, a rule-based liquidity transfer order is initiated that debits an MCA authorised by the MCA holder. The debited MCA may belong to another participant. The holder of the debited MCA must authorise its MCA to be debited in this manner.
2. An RTGS DCA holder may authorise its RTGS DCA to be debited in the event that a floor is breached on one or more specified MCAs. By authorising its RTGS DCA to be debited, the RTGS DCA holder shall be deemed to have instructed Danmarks Nationalbank to execute a rule-based liquidity transfer order that credits the MCAs when a floor is breached.
3. An RTGS DCA holder may authorise its MCA, which is intended for automated liquidity transfer orders pursuant to Article 1(5) and (6), to be debited in the event that there is insufficient liquidity on the RTGS DCA to settle urgent or high priority payment orders on its RTGS DCA.

## **Article 8 – Priority rules**

1. The order of priority for the processing of cash transfer orders, in descending order, shall be:
  - a. urgent
  - b. high
  - c. normal.
2. The following orders shall automatically be assigned the priority 'urgent':
  - a. AS transfer orders
  - b. liquidity transfer orders, including automated liquidity transfer orders.
3. All cash transfer orders not listed in paragraph 2 shall automatically be assigned the priority 'normal', except payment orders to which the RTGS DCA holder has at its discretion assigned the priority 'high'.

## **Article 9 – Processing of cash transfer orders on RTGS DCAs**

1. Cash transfer orders on RTGS DCAs shall be settled immediately they are accepted, or later as indicated by the RTGS DCA holder in accordance with Article 16 or Article 17, provided in all cases that:
  - a. there is available liquidity on the payer's RTGS DCA
  - b. no cash transfer orders of equal or higher priority are queued; and
  - c. any debit limits set in accordance with Article 15 are observed.
2. If any of the conditions set out in subsection (1)(a)-(c) are not met in relation to a cash transfer order, the following shall apply:
  - a. In the case of an automated liquidity transfer order, Danmarks Nationalbank shall be deemed to have been instructed to execute the instruction partially and settle further liquidity transfer orders when liquidity is available, up to the amount of the original automated liquidity transfer order.
  - b. In the case of an immediate liquidity transfer order, the order shall be rejected without partial settlement or other attempts to settle, unless the order has been initiated by an AS. In that case, it must be partially settled without any further attempts to settle it.
  - c. In the case of a standing liquidity transfer order or a rule-based liquidity transfer order, the order shall be partially settled without any further attempt to settle it. A standing liquidity transfer order triggered by the mandatory procedure under the RTGS AS settlement procedure, and for which there are insufficient funds in the RTGS DCA, shall be settled following a pro rata reduction of all orders. A standing liquidity transfer order triggered by an optional procedure under the RTGS AS settlement procedure, and for which there are insufficient funds on the RTGS DCA, shall be rejected.
3. Cash transfer orders on RTGS DCAs, other than those orders referred to in paragraph 2, shall be queued and processed in accordance with the rules set out in Article 10.

## **Article 10 – Queue management and settlement optimisation**

1. Cash transfer orders on RTGS DCAs that are queued in accordance with Article 9(3) shall be processed according to their priority. Without prejudice to subsections (2)-(5), the first-in-first-out (FIFO) principle shall apply within each category or subcategory of cash transfer orders with the following priority:
  - a. Urgent cash transfer orders: automated liquidity transfer orders shall be placed first in the queue. AS transfer orders and other urgent cash transfer orders shall be placed next in the queue.
  - b. High priority cash transfer orders shall not be processed while there are urgent cash transfer orders in the queue.
  - c. Normal priority cash transfer orders shall not be processed while there are urgent or high-priority cash transfer orders in the queue.
2. The payer may change the priority of its cash transfer orders other than urgent cash transfer orders.
3. The payer may change the position of its cash transfer orders in the queue. The payer may either move such payment orders behind the automated liquidity transfer orders in the queue or to the end of that queue with immediate effect and at any time during the initial payment window for customer and interbank payments as specified in Appendix 3.
4. In order to optimise the processing of cash transfer orders in the queue, Danmarks Nationalbank may:
  - a. make use of the optimisation procedures described in Appendix 1
  - b. settle cash transfer orders with a lower priority (or with the same priority but accepted later) before cash transfer orders with a higher priority (or with the same priority accepted earlier) if the cash transfer orders with a lower priority will offset payments to be received and overall result in a liquidity increase for the payer
  - c. settle normal priority cash transfer orders before other normal priority payments in the queue that were accepted earlier, provided that sufficient funds are available and notwithstanding that this may contravene the FIFO (first-in-first-out) principle.
5. Queued cash transfer orders shall be rejected if they cannot be settled by the cut-off times for the relevant message type as specified in Appendix 3.
6. The provisions regarding the settlement of cash transfer orders set out in Appendix 1 shall apply.

## **Article 11 – Liquidity reservation orders**

1. An RTGS DCA holder may instruct Danmarks Nationalbank to reserve a certain amount of liquidity in its RTGS DCA in one of the following ways:
  - a. a current liquidity reservation order that shall have immediate effect for the current business day
  - b. a standing liquidity reservation order to be executed at the beginning of each business day.
2. An RTGS DCA holder shall assign one of the following statuses to a current or standing liquidity reservation order:
  - a. high priority: enables the use of liquidity for urgent or high-priority cash transfer orders
  - b. urgent priority: allows the usage of the liquidity only for urgent cash transfer orders.

3. If the amount of unreserved liquidity is insufficient to fulfil the current or standing liquidity reservation order, Danmarks Nationalbank executes the reservation order partially and shall be deemed instructed to execute further reservation orders until the outstanding amount to be reserved is reached. Pending reservation orders shall be rejected at the end of the business day.
4. By requesting the reservation of a specific amount of liquidity for urgent cash transfer orders, the RTGS DCA holder shall be deemed to have instructed Danmarks Nationalbank to settle high and normal priority cash transfer orders only if liquidity is available after deducting the amount reserved for urgent cash transfer orders.
5. By requesting the reservation of a specified amount of liquidity for high priority cash transfer orders, the RTGS DCA holder shall be deemed to have instructed Danmarks Nationalbank to settle normal priority cash transfer orders only if liquidity is available after deducting the amount reserved for urgent and high priority cash transfer orders.

#### **Article 12 – Recall request and answer**

1. An RTGS DCA holder with A2A access can submit a recall request to a payee with A2A access in order to request the return of an executed payment order.
2. The recall request is forwarded to the payee of the settled payment order with A2A access, who can respond positively or negatively. A positive response does not initiate the return of the payment.

#### **Article 13 – RTGS directory**

1. The RTGS directory is a list of BICs used as routing information and consists of BIC codes for:
  - a. holders of RTGS DCAs
  - b. any entity with group-related multi-addressee access
  - c. addressable BIC holders.
2. The RTGS directory shall be updated daily.
3. Unless an RTGS DCA holder requests otherwise, its BICs are published in the RTGS directory.
4. RTGS DCA holders may only distribute the RTGS directory to their branches and entities with multi-addressee access.
5. RTGS DCA holders accept that Danmarks Nationalbank and other central banks may publish their name and BIC. In addition, BICs of addressable BIC holders or entities with multi-addressee access may be published and RTGS DCA holders shall ensure that addressable BIC holders or entities with multi-addressee access have agreed to such publication.

#### **Article 14 – Processing of cash transfer orders in the event of termination or suspension**

1. Upon termination of an RTGS DCA holder's participation in TARGET DKK, Danmarks Nationalbank does not accept new cash transfer orders from that participant and queued cash transfer orders and warehoused payments shall be rejected. Upon termination of an RTGS DCA holder's participation in TARGET DKK for reasons other than those specified in Part I 'General Terms and Conditions',

Article 25(1)(a), new cash transfer orders in favour of that participant shall be rejected.

2. If an RTGS DCA holder is suspended from TARGET DKK, Danmarks Nationalbank may decide to store all of that participant's incoming and outgoing cash transfer orders on its RTGS DCA and settle them once the suspension is lifted.

#### **Article 15 – Debit limits**

1. An RTGS DCA holder may limit the use of available liquidity for payment orders on its individual RTGS DCA in relation to other RTGS DCAs, except Danmarks Nationalbank, by specifying bilateral or multilateral limits. Such limits may only be defined in relation to normal priority payment orders.
2. If an RTGS DCA holder specifies a bilateral limit, Danmarks Nationalbank shall be deemed instructed that an accepted payment order shall not be settled if the sum of the outgoing normal priority payment orders to another RTGS DCA holder's RTGS DCA, minus the sum of all incoming payments prioritised as urgent, high and normal from this RTGS DCA (the net bilateral position), exceeds this bilateral limit.
3. An RTGS DCA holder may specify a multilateral limit for any relationship that is not subject to a bilateral limit. A multilateral limit may only be specified if the RTGS DCA holder has set at least one bilateral limit. If an RTGS DCA holder specifies a multilateral limit, Danmarks Nationalbank shall be deemed instructed that an accepted payment order shall not be settled if the sum of the holder's outgoing normal priority payment orders to all RTGS DCA holders' RTGS DCAs for which no bilateral limit has been specified, minus the sum of all incoming urgent, high and normal priority payments from these RTGS DCAs (the net multilateral position), exceeds this multilateral limit.
4. Limits may be changed in real time with immediate effect or with effect from the next business day. If a limit is changed to zero, it shall not be possible to change it again on the same business day. The definition of a new bilateral or multilateral limit shall only be effective from the next business day.

#### **Article 16 – Participants' instructions with regard to settlement times**

1. An RTGS DCA holder may indicate the earliest time before which a payment order cannot settle or the latest time after which time the payment order will be rejected by using the earliest debit time indicator or the latest debit time indicator, respectively, or may indicate a time range during which the payment order will settle by using both indicators. An RTGS DCA holder may also use the latest debit time indicator solely as a warning indicator. In such cases, the payment order concerned shall not be rejected.
2. If the payment order has not been settled 15 minutes before the specified latest debit time, the holder of the RTGS DCA concerned shall be notified accordingly.

#### **Article 17 – Payment orders submitted in advance**

1. Payment orders may be submitted up to 10 calendar days before the specified settlement date (warehoused payment orders).
2. Warehoused payment orders are accepted and submitted for processing on the date specified by the RTGS DCA holder at the beginning of the payment window on that day for customer and interbank payments, as referred to in Appendix 3. They shall be placed in front of payment orders of the same priority.

## **Article 18 – Direct debit**

1. An RTGS DCA holder (payer) may authorise another RTGS DCA holder (payee) in TARGET DKK to debit the payer's RTGS DCA by direct debit.
2. In order to enable such an arrangement, the payer must provide Danmarks Nationalbank with prior authorisation entitling Danmarks Nationalbank to debit the payer's RTGS DCA upon receipt of a direct debit instruction.
3. If a payee receives the authorisation as described in paragraph 1, it may submit direct debit instructions to debit the payer's RTGS DCA by the amount specified in the instruction.
4. An RTGS DCA holder requesting to be added to a settlement bank group of an AS shall be deemed to have given authorisation to Danmarks Nationalbank entitling Danmarks Nationalbank to debit the participant's RTGS DCA and sub-accounts upon receipt of a valid direct debit instruction from the relevant AS.
5. In exceptional cases where, due to circumstances at the relevant AS, Danmarks Nationalbank has not debited an amount from the RTGS DCA holder's RTGS DCA that is sufficient to cover the participant's negative net position in the settlement, Danmarks Nationalbank shall be authorised to debit from the participant's RTGS DCA – or, if there are insufficient funds in the RTGS DCA, from the participant's other accounts, at Danmarks Nationalbank's discretion – an amount equal to the difference between the amount debited by Danmarks Nationalbank from the RTGS DCA on the instruction of the relevant AS and the participant's negative settlement position.

## **Article 19 – Back-up payment functionality**

1. In the event of a failure in its payment infrastructure, an RTGS DCA holder can request Danmarks Nationalbank to activate the backup payment functionality. This allows the RTGS DCA holder to enter certain payment orders using the graphical user interface (GUI).

## **Article 20 – Security rights in relation to funds on sub-accounts**

1. The balance on an RTGS DCA holder's sub-account opened for the settlement of payment orders in relation to an ancillary system pursuant to the arrangements between the relevant ancillary system and Danmarks Nationalbank shall be frozen for the period specified in subsection (2), i.e. from Danmarks Nationalbank's receipt of a start-of-cycle message from the ancillary system and Danmarks Nationalbank's notification to the ancillary system of the participant's maximum overdraft facility in the settlement and until the participant's net position at the end of a settlement has been calculated and registered on the sub-account and Danmarks Nationalbank's receipt of the end-of-cycle message, cf. the RTGS AS settlement procedure. The freezing means that the RTGS DCA holder has no right to dispose of the balance on the sub-account. The freezing and such balance shall collateralise the RTGS DCA holder's obligations to Danmarks Nationalbank in connection with such settlement, cf. subsection (7).
2. Upon Danmarks Nationalbank's receipt of a start-of-cycle message, Danmarks Nationalbank shall ensure that the balance on the RTGS DCA holder's sub-account (including increases or reductions of that balance resulting from crediting or debiting settlement payments across the system to or from the sub-account or from crediting liquidity transfers to the sub-account) at the time when the ancillary system starts a cycle can only be used to settle AS transfer orders relating to the settlement procedure. Upon receipt of an end-of-cycle

message by Danmarks Nationalbank, the sub-account balance shall be available to the RTGS DCA holder.

3. Upon confirmation of the balance on the RTGS DCA holder's sub-account, Danmarks Nationalbank guarantees payment of an amount up to this balance to the ancillary system. By confirming, where applicable, the increase or reduction of the frozen balance upon crediting or debiting cross-system settlement payments to or from the sub-account or crediting liquidity transfers to the sub-account, the guarantee is automatically increased or reduced by the amount of the payment. Notwithstanding the above increase or reduction of the guarantee, the guarantee shall be irrevocable, unconditional and payable on demand.
4. In the absence of any insolvency proceedings in relation to the RTGS DCA holder, the AS transfer orders for the squaring of the RTGS DCA holder's settlement obligation shall be settled without drawing on the guarantee and without realisation of the collateral right over the balance on the RTGS DCA holder's sub-account.
5. In the event of the RTGS DCA holder's insolvency, the cash transfer orders related to the AS for the settlement of the RTGS DCA holder's payment obligations shall constitute a demand for payment under the guarantee, and debiting the amount specified in the payment instruction from the RTGS DCA holder's sub-account (and crediting the RTGS AS technical account of the ancillary system) shall thereby constitute the fulfilment by Danmarks Nationalbank of its guarantee obligation and simultaneous realisation of its collateral rights in the balance of the RTGS DCA holder's sub-account.
6. The guarantee shall expire when Danmarks Nationalbank receives an end-of-cycle message confirming that settlement has been completed.
7. The RTGS DCA holder shall be obliged to reimburse Danmarks Nationalbank for any payment made by Danmarks Nationalbank under the guarantee.

#### **Article 21 – Emptying a sub-account**

1. Danmarks Nationalbank empties the participant's sub-account by transferring the balance at the time of transfer to the participant's RTGS DCA following the registration of the participant's net position after each settlement has been completed and Danmarks Nationalbank's receipt of the end-of-procedure message. Regardless of whether settlement has been completed, Danmarks Nationalbank shall empty the participant's sub-account at 17:00.

#### **Article 22 – Interest**

1. Deposits in the RTGS DCA shall form part of the monetary policy counterparty's current account balance for accrual of interest, cf. Part I 'General Terms and Conditions', Article 12.



## **Part IV – Terms and Conditions for TARGET2-Securities Dedicated Cash Accounts (T2S DCAs)**

### **Article 1 – Opening of a T2S DCA**

1. Institutions authorised to maintain an MCA in Danish kroner are authorised to maintain one or more T2S DCAs in Danish kroner. A T2S DCA is opened upon request to Danmarks Nationalbank using the TARGET registration form, which can be obtained from Danmarks Nationalbank.
2. There shall be no debit balance on a T2S DCA.
3. A T2S DCA holder shall designate one MCA for the processing of liquidity transfer orders between T2S DCAs referred to in Article 3(1)(c). The designated MCA may belong to another participant.

### **Article 2 – Links between securities accounts and T2S DCAs**

1. A T2S DCA holder may request a CSD participating in T2S to link the T2S DCA holder's T2S DCA to one or more securities accounts held by the T2S DCA holder on its own behalf or on behalf of customers holding securities accounts with one or more CSDs participating in T2S.
2. T2S DCA holders linking their T2S DCAs to securities accounts on behalf of clients as set out in subsection (1) are responsible for establishing and maintaining the list of linked securities accounts and, where relevant, the set-up of the client-collateralisation feature.
3. As a result of the request under subsection (1), the T2S DCA holder is deemed to have given a mandate to the CSD where such linked securities accounts are maintained to debit the T2S DCA with the amounts resulting from securities transactions taking place on these securities accounts.
4. Subsection (3) shall apply notwithstanding the agreements that the T2S DCA holder has entered into with the CSD and/or with the holders of the securities accounts.

### **Article 3 – Transactions processed on T2S DCAs**

1. The following transactions are processed via a T2S DCA in TARGET DKK:
  - a. settlement of cash instructions stemming from T2S, provided that the T2S DCA holder has designated the relevant securities account(s) referred to in Article 2
  - b. liquidity transfer orders to an RTGS DCA, a TIPS DCA or an MCA
  - c. liquidity transfer orders between T2S DCAs belonging to the same participant or in relation to which the same MCA has been designated pursuant to Article 1(3)
  - d. cash transfer orders between the T2S DCA and the T2S DCA of Danmarks Nationalbank within the specific framework of Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans', Article 4.
2. Corporate actions payments may be processed via a T2S DCA.

3. These transactions can be executed on the business days and times listed in Appendix 3.

#### **Article 4 – Liquidity transfer orders**

1. A T2S DCA holder may submit liquidity transfer orders as one of the following:
  - a. an immediate liquidity transfer order: an instruction for immediate settlement
  - b. a standing liquidity transfer order, i.e. an instruction for the recurring execution of (i) a transfer of a specific transfer amount or (ii) a transfer to reduce the balance of the T2S DCA to a predefined level, and where the amount of the reduction is transferred to an RTGS DCA, a TIPS DCA or an MCA on the occurrence of a specified event each business day
  - c. a predefined liquidity transfer order, which shall be an instruction for the single execution of (i) a transfer of a specified transfer amount or (ii) a transfer to reduce the balance of the T2S DCA to a predefined level with the amount of the reduction being transferred to an RTGS DCA, a TIPS DCA or an MCA, on the occurrence of a predefined event each business day.

#### **Article 5 – Reservation and blocking of liquidity**

1. Participants may reserve or block liquidity on their T2S DCAs. This does not constitute a settlement guarantee vis-à-vis any third party.
2. A request to reserve or block a certain amount is an instruction from a participant to Danmarks Nationalbank to decrease the available liquidity by that amount.
3. A reservation request is an instruction by which, if the available liquidity is equal to or higher than the amount to be reserved, the reservation is processed. If the available liquidity is lower, it is reserved and the shortfall may be met by incoming liquidity until the full amount of the reservation is available.
4. A blocking request is an instruction by which, if the available liquidity is equal to or higher than the amount to be blocked, the blocking request is processed. If the available liquidity is lower, no amount is blocked and the blocking request is resubmitted, until the full amount of the blocking request can be met by available liquidity.
5. The participant may at any time during the business day on which a request to reserve or block liquidity has been processed, instruct Danmarks Nationalbank to cancel the reservation or blocking. Partial cancellation shall not be permitted.
6. All requests for reservation or blocking of liquidity under this article shall expire at the end of the business day.

#### **Article 6 – Processing of liquidity transfer orders on T2S DCAs**

1. A timestamp for the processing of liquidity transfer orders is allocated in the sequence of their receipt.
2. All liquidity transfer orders submitted to TARGET DKK shall be processed in accordance with the first-in-first-out (FIFO) principle without prioritisation or re-ordering.
3. Once a liquidity transfer order to an MCA, a TIPS DCA, an RTGS DCA or a T2S DCA has been accepted, as set out in Part I 'General Terms and Conditions', Ar-

Article 17, Danmarks Nationalbank checks via TARGET DKK whether sufficient funds are available in the payer's T2S DCA to effect settlement. If sufficient funds are available, the liquidity transfer order shall be settled immediately. If sufficient funds are not available, the following shall apply:

- a. In the case of an immediate liquidity transfer order, the order shall be rejected without partial settlement or other attempts to settle, unless these are initiated by a third party as designated in accordance with 'Part I 'General Terms and Conditions', Article 7. In such cases, it shall be partially settled without further attempts to settle.
- b. In the case of a standing or a predefined liquidity transfer order, the order shall be partially settled without further attempts to pay.

#### **Article 7 – Processing of cash transfer orders in the event of termination or suspension**

1. Upon termination of a T2S DCA holder's participation in TARGET DKK, Danmarks Nationalbank does not accept new cash transfer orders from that T2S DCA holder.
2. If a T2S DCA holder's participation in TARGET DKK is suspended, Danmarks Nationalbank may decide to store all incoming and outgoing cash transfer orders of that T2S DCA holder in its T2S DCA and settle them once the suspension is lifted.
3. In the event of the issue of a bankruptcy order, commencement of reorganisation proceedings or similar insolvency proceedings against a T2S DCA holder, the balance of the T2S DCA of the participant in question on the business day on which the bankruptcy, reorganisation proceedings or similar insolvency proceedings are commenced may be used to fulfil the participant's obligations to settle the cash transfer orders entered into in T2S, cf. rules in Sections 163 and 163a of the Danish Capital Markets Act (Consolidated Act no. 198 of 26 February 2024 with subsequent amendments).

#### **Article 8 – Authorised entities for T2S auto-collateralisation loans**

1. Danmarks Nationalbank may grant T2S auto-collateralisation loans to a T2S DCA holder that is also an MCA holder, at the request of such T2S DCA holder and on the condition that such participant is not subject to restrictive measures adopted by the Council of the European Union or the Member States pursuant to Article 65(1)(b), Article 75 or Article 215 of the Treaty on the Functioning of the European Union, the implementation of which Danmarks Nationalbank considers incompatible with the efficient functioning of TARGET DKK.
2. T2S auto-collateralisation loans shall only be granted on a business day and shall be limited to that day.
3. For participants that have entered into an agreement with Danmarks Nationalbank on the use of T2S auto-collateralisation loans, Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans' applies.

#### **Article 9 – Access to a T2S DCA by entities other than the account holder**

1. T2S DCA holders may grant other entities (clients) access to use the T2S DCA, including drawing on the T2S DCA, for the purpose of settling the cash side of the client's securities trades on T2S and executing the client's corporate actions payments.

2. Account holders can register the client's access to make withdrawals on T2S DCAs in T2S. Account holders do not inform Danmarks Nationalbank of this. Account holders have the option to register limits via CMBs, as further described in the T2S Technical and Functional Documents available on the ECB's website, with regard to the transactions that the client can perform on T2S DCAs.
3. If the T2S DCA to which the client has access is linked to T2S auto-collateralisation loans, and if there are insufficient funds in the T2S DCA to execute the client's purchases or corporate actions payments, the account holder automatically obtains a T2S auto-collateralisation loan in Danish kroner from Danmarks Nationalbank directly on T2S for the execution of the client's purchases/corporate actions payments. The need for, and amount of, the loan shall be determined taking into account the limits registered by the participant in T2S. Otherwise, the loan shall be granted in the same manner and under the same conditions as the granting of intraday loans in connection with the execution of the account holder's own purchases and withdrawals, and as described in Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans'. If the account holder has specified a custody account belonging to the client as a collateral providing custody account, the securities purchased by the client are used as collateral to the extent that they are included in Danmarks Nationalbank's collateral base, just as the custody account belonging to the client can be used as a collateral providing custody account in connection with the raising of T2S auto-collateralisation loans for use in the execution of both the client's and the account holder's purchases/corporate actions payments. The collateral providing custody account used in connection with each loan is determined according to a predefined algorithm in the T2S system.
4. The intraday loan is granted by Danmarks Nationalbank to the account holder and Danmarks Nationalbank has no other contractual relationship with the client. As collateral for the intraday loan, Danmarks Nationalbank accepts only assets to which the account holder (borrower) has the right of ownership. The account holder is thus obliged to ensure that the contractual relationship between the account holder and the client ensures that the right of ownership to the assets, including assets from a collateral providing custody account held by the client that is pledged to Danmarks Nationalbank as collateral belong to the account holder at the time of pledging, and that the client agree to the conditions in subsection (3) above.
5. Agreements on the client's access to use the T2S DCA and access to designate a custody account belonging to the client as a collateral providing custody account shall be made bilaterally between the parties involved and any action related thereto shall be without liability for Danmarks Nationalbank. Similarly, any agreement and any dispute between the parties arising from intraday loans granted to the account holder in connection with the client's withdrawal on the T2S DCA shall be of no concern to Danmarks Nationalbank.

#### **Article 10 – Eligible collateral for the purpose of obtaining T2S auto-collateralisation loans**

1. T2S Auto-collateralisation loans may be granted on the basis of the collateral set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities'.

#### **Article 11 – Emptying a T2S DCA**

1. Danmarks Nationalbank empties the participant's T2S DCA at 16:45 by transferring the balance at the time of the transfer to the MCA that the participant has designated for this purpose.

## **Part V – Terms and Conditions for TARGET Instant Payment Settlement Dedicated Cash Accounts (TIPS DCAs)**

### **Article 1 – Opening of a TIPS DCA**

1. At the request of an MCA holder, Danmarks Nationalbank opens one or more TIPS DCAs in Danish kroner. A TIPS DCA is opened upon request to Danmarks Nationalbank using the TARGET registration form, which can be obtained from Danmarks Nationalbank.
2. There shall be no debit balance on a TIPS DCA. Payments can only be made from TIPS DCAs if there are sufficient funds in the account.

### **Article 2 – Sending and receiving messages**

1. A TIPS DCA holder can send messages:
  - a. directly; and/or
  - b. via one or more instructing parties.
2. A TIPS DCA holder can receive messages:
  - a. directly, or
  - b. via an instructing party.
3. Part I 'General Terms and Conditions', Article 7 shall apply to a TIPS DCA holder sending or receiving messages via an instructing party in the same way as if that TIPS DCA holder were sending or receiving messages directly.
4. A TIPS DCA holder and a reachable party must fulfil the requirements of the applicable NPC Instant Credit Transfer Scheme and of the NPC AOS Automatic acceptance of PSP-initiated of request for recall (camt.056) with reason code "DUPL" and "TECH" as determined by NPC. This means that the TIPS DCA holder and the reachable party must comply with the applicable outgoing message requirements set out in the NPC Instant Credit Transfer Scheme. A TIPS DCA holder and a reachable party shall also verify that incoming messages have been submitted by the sender in accordance with these requirements, as specified in the listed validations (technical mapping) prepared by the financial sector in agreement with Danmarks Nationalbank and shared with participants. If an incoming message does not fulfil the requirements and specifications mentioned, the receiving TIPS DCA holder or reachable party shall reject the incoming message.

### **Article 3 – Reachable parties**

1. A TIPS DCA holder may designate one or more reachable parties. Reachable parties shall have adhered to the NPC Instant Credit Transfer Scheme, signed the NPC Instant Credit Transfer Adherence Agreement and adhered to the NPC AOS Automatic acceptance of PSP-initiated of request for recall (camt.056) with reason code "DUPL" and "TECH".
2. A TIPS DCA holder shall provide evidence to Danmarks Nationalbank for each designated reachable party's adherence to the NPC Instant Credit Transfer Scheme and the NPC AOS Automatic acceptance of PSP-initiated of request for recall (camt.056) with reason code "DUPL" and "TECH".

3. A TIPS DCA holder shall notify Danmarks Nationalbank of any designated reachable party that no longer adheres to the NPC Instant Credit Transfer Scheme and the NPC AOS Automatic acceptance of PSP-initiated request for recall (camt.056) with reason code "DUPL" and "TECH", and shall take steps to prevent that reachable party from accessing the TIPS DCA without undue delay.
4. A TIPS DCA holder may allow its designated reachable parties access via one or more instructing parties.
5. Part I 'General Terms and Conditions', Article 7 is applicable to TIPS DCA holders that designate reachable parties.
6. A TIPS DCA holder that has designated a reachable party shall ensure that at all times that reachable party is available for the purpose of receiving messages.

#### **Article 4 – Transactions processed on TIPS DCAs**

1. The following transactions must be processed via a TIPS DCA:
  - a. instant payment orders
  - b. positive recall answers
  - c. liquidity transfer orders to MCAs, T2S DCAs or RTGS DCAs
  - d. liquidity transfer orders to sub-accounts.
2. These transactions can be executed on the business days and times listed in Appendix 3.

#### **Article 5 – Immediate liquidity transfer orders**

1. A TIPS DCA holder may submit immediate liquidity transfer orders.

#### **Article 6 – Processing of cash transfer orders on TIPS DCAs**

1. A timestamp for the processing of cash transfer orders is allocated in the sequence of their receipt.
2. All cash transfer orders submitted to TARGET Services shall be processed in accordance with the first-in-first-out (FIFO) principle without prioritisation or re-ordering.
3. After an instant payment order has been accepted, as set out in Part I 'General Terms and Conditions', Article 17, TARGET Services shall check whether sufficient funds are available in the payer's TIPS DCA to execute the payment and the following shall apply:
  - a. If there are insufficient funds available, the instant payment order shall be rejected.
  - b. If sufficient funds are available, the corresponding amount shall be reserved pending the payee's response. If the payee accepts the order, the instant payment order shall be settled and the reservation shall be lifted at the same time. If the payee rejects the order, or in the absence of a timely response under the NPC Instant Credit Transfer Scheme, the instant payment order shall be rejected and the reservation shall be lifted at the same time.
4. Funds reserved in accordance with subsection (3)(b) may not be used for the settlement of subsequent cash transfer orders.

5. Without prejudice to (3)(b), Danmarks Nationalbank rejects instant payment orders if the amount of an instant payment order exceeds the available credit memorandum balance (CMB).
6. After an immediate liquidity transfer order has been accepted pursuant to Part I 'General Terms and Conditions', Article 17, TARGET Services checks whether sufficient funds are available in the payer's TIPS DCA. If sufficient funds are not available, the liquidity transfer order shall be rejected.
7. After a positive recall answer has been accepted in accordance with Part I 'General Terms and Conditions', Article 17, TARGET Services checks whether there are sufficient funds available in the TIPS DCA to be debited. If sufficient funds are not available, the positive recall answer shall be rejected. If sufficient funds are available, the positive recall answer shall be settled immediately.
8. Subject to subsection (7), TARGET Services shall reject positive recall answers if the amount of the positive recall answer exceeds the available credit memorandum balance (CMB).

#### **Article 7 – Recall request**

1. A TIPS DCA holder may submit a recall request.
2. The recall request shall be forwarded to the payee of the settled instant payment order which may answer with a positive or a negative recall answer.

#### **Article 8 – TIPS directory**

1. The TIPS directory is a list of BIC codes used as routing information and consists of BIC codes for:
  - a. TIPS DCA holders
  - b. reachable parties.
2. The TIPS directory is updated daily.
3. TIPS DCA holders may only distribute the TIPS directory to their branches, their designated reachable parties and their instructing parties. Reachable parties may only distribute the TIPS directory to their branches.
4. A specific BIC shall only appear once in the TIPS directory.
5. TIPS DCA holders agree that Danmarks Nationalbank and other central banks may publish their name and BIC. Furthermore, Danmarks Nationalbank and other central banks may publish the names and BICs of the reachable parties designated by TIPS DCA holders, and TIPS DCA holders shall ensure that the reachable parties have agreed to such publication.

#### **Article 9 – Processing of cash transfer orders in the event of termination or suspension**

1. Upon termination of a TIPS DCA holder's participation in TARGET DKK, Danmarks Nationalbank does not accept new cash transfer orders from that TIPS DCA holder.
2. If a TIPS DCA holder in TARGET DKK is suspended, Danmarks Nationalbank shall reject:
  - a. all the holder's incoming payments
  - b. all of the holder's outgoing cash transfer orders; or

- c. both the holder's incoming payments and outgoing cash transfer orders.
- 3. Danmarks Nationalbank shall process all instant payment orders from a TIPS DCA holder whose participation in TARGET DKK has been suspended or terminated pursuant to Article 25(1) or (2) of Part I 'General Terms and Conditions' and in relation to which Danmarks Nationalbank has reserved funds in a TIPS DCA pursuant to Article 6(3)(b) prior to the suspension or termination.

#### **Article 10 – Interest**

- 1. Deposits in the TIPS DCA form part of the participant's current account balance for interest, see Part I 'General Terms and Conditions', Article 12.



## **Part VI – Terms and Conditions for Ancillary Systems (AS) using RTGS AS Settlement Procedures**

### **Article 1 – Opening and management of an AS technical account and use of RTGS AS settlement procedures**

1. At the request of an AS, Danmarks Nationalbank may open and maintain one or more RTGS AS technical accounts in Danish kroner to support RTGS AS settlement procedures.
2. There shall be no debit balance on an RTGS AS technical account.
3. RTGS AS technical accounts shall not be published in the RTGS directory.
4. The AS shall use RTGS settlement procedure C, described below in Article 4, which is the RTGS AS settlement procedure offered by Danmarks Nationalbank. Settlement procedure A is used in connection with the contingency procedure and is described below in Article 3.
5. The RTGS AS settlement procedure shall be operational during the time periods specified in Appendix 3.
6. AS must request Danmarks Nationalbank to create a settlement bank account group (SBAG).
7. The AS may only send AS transfer orders to accounts included in the settlement bank's account group referred to in subsection (6).

### **Article 2 – Priority of AS transfer orders**

1. All AS transfer orders shall automatically be assigned the priority 'urgent'.

### **Article 3 – AS settlement procedure A – for contingency procedure use only**

1. The AS shall make a request for a special AS technical account to support the processing of AS transfer orders in settlement procedure A, which is only used for contingency procedures in ECONS II. At the end of the day, the balance in such an account shall be zero. The description of the AS settlement procedure below is therefore only relevant in connection with contingency procedures.
2. AS shall submit AS transfer orders as a batch in a single document and in which the sum of debits equals the sum of credits.
3. Danmarks Nationalbank shall first attempt to settle AS transfer orders that debit ECONS II accounts belonging to settlement banks and credit the AS' ECONS II AS technical account. Only when all such AS transfer orders have been settled shall Danmarks Nationalbank attempt to settle AS transfer orders that debit the ECONS II AS technical account and credit the settlement banks' ECONS II accounts. Prior to settlement, Danmarks Nationalbank shall inform the AS about the participants' balances on their ECONS II accounts. This shall not constitute a guarantee from Danmarks Nationalbank and participants are encouraged not to use their liquidity for other purposes until the AS has completed the settlement. If settlement fails in AS settlement procedure A due to one or more participants' lack of liquidity, Danmarks Nationalbank reverses the amounts that were debited from the participants' ECONS II accounts.

4. If the payment process fails, Danmarks Nationalbank shall reject all non-settled AS transfer orders in the single file referred to in subsection (2) and reverse any AS transfer orders that have already been settled.
5. The AS is notified of the closure or failure of the settlement.

#### **Article 4 – RTGS AS settlement procedure C**

1. Settlement procedure C supports settlement using dedicated liquidity on sub-accounts. An AS shall request a special RTGS AS technical account to support the processing of AS transfer orders using settlement procedure C. At 16:30, the balance of such account shall be zero.
2. An AS must ensure that each settlement bank opens a sub-account to be used exclusively by the AS for this settlement procedure.
3. Danmarks Nationalbank automatically initiates a mandatory settlement procedure on each business day in accordance with the operating schedule set out in Appendix 3, which shall trigger the settlement of the standing liquidity transfer orders configured for the mandatory settlement procedure by debiting the settlement banks' RTGS DCAs and crediting the sub-account referred to in subsection (2).
4. Any settlement procedure shall close using an end-of-procedure message, which can be sent by the AS at any time before the cut-off time of 16:30. If the AS does not send the end-of-procedure message before this cut-off time, Danmarks Nationalbank closes the procedure before the end of the monetary policy day.
5. The closure of the mandatory settlement procedure leads to an automatic transfer of liquidity from the sub-account referred to in subsection (2) to the RTGS DCA.
6. If the mandatory settlement procedure is closed, the AS may initiate an optional procedure at any time before the cut-off time of 16:30 which will trigger the settlement of these standing liquidity transfer orders configured for the optional settlement procedure by debiting the settlement bank's RTGS DCA and crediting its RTGS sub-account. An AS can initiate and close one or several successive optional procedures before the cut-off time of 16:30. The closure of an optional settlement procedure shall lead to the automated transfer of liquidity from the sub-account referred to in subsection (2) to the RTGS DCA.
7. The mandatory settlement procedure and any following optional settlement procedures may consist of one or several cycles.
8. At any time after a mandatory or optional settlement procedure has started, an AS can initiate a cycle using a start-of-cycle message. After the cycle has been initiated, liquidity transfers from the sub-account referred to in subsection (2) may not be executed until an end-of-cycle message is sent by the AS. The balance may change during the cycle if a settlement bank transfers liquidity to its sub-account. If requested by the AS, Danmarks Nationalbank will notify it of the increased liquidity on the sub-account as a result of the settlement bank's liquidity transfer orders.
9. An AS may submit AS transfer orders as a batch in one or several files while the cycle is open. The cash transfer orders may be for any of the following transactions:
  - a. the debit of the settlement banks' sub-accounts and credit of the RTGS AS technical account
  - b. the debit of the RTGS AS technical account and credit of the sub-accounts of settlement banks.

10. Danmarks Nationalbank shall immediately settle the AS transfer orders that can be settled. AS transfer orders that cannot be settled immediately are queued and an optimisation algorithm is used. In such exceptional cases, Danmarks Nationalbank shall apply the procedure described in Part III 'Terms and Conditions for Real-Time Gross Settlement Dedicated Cash Accounts (RTGS DCAs)', Article 18(5). If this is not possible, the settled cash transfer orders shall be reversed.
11. The AS shall be notified of the status of the individual AS transfer orders at the end of the cycle at the latest.

#### **Article 5 – Effect of suspension or termination**

1. If an AS's use of the AS settlement procedure ceases during the settlement cycle for AS transfer orders, Danmarks Nationalbank may complete the settlement cycle.

#### **Article 6 – Additional requirements for AS**

1. The RTGS AS technical account shall be registered to the AS. Nevertheless, the amounts registered in the account belong to the settlement banks, and the AS shall not hold own funds in the technical account. The AS is obliged to ensure that the contractual relationship between the AS and the settlement banks as well as the legal setup of this account ensures that the ownership of the assets registered in the RTGS AS technical account at any given time belongs to the settlement banks. In this context, the AS shall also ensure that, at any time, it is possible to establish the individual settlement bank's share of the balance held in the RTGS AS technical account at any time.

## Part VII – Terms and Conditions for Certificates of Deposit

### Article 1 – Sale of certificates of deposit by Danmarks Nationalbank

1. On the last business day of each week, Danmarks Nationalbank normally offers a sale of a series of certificates of deposit with maturity on the last business day of the following week, i.e. usually 7 days later. Each series is designated by a year and week number that refers to the maturity date.
2. The denomination is kr. 1 million.
3. As a general rule, Danmarks Nationalbank only sells certificates of deposit in a series on the opening day of the series, but the series can be reopened, should Danmarks Nationalbank deem it necessary.
4. The sale of certificates of deposit and subsequent trading of certificates of deposit are only registered on the participant's certificate of deposit account with Danmarks Nationalbank.
5. Apart from the account statement referred to in Part I 'General Terms and Conditions', Article 13, which is available electronically in TARGET DKK, no documentation of the deposit is issued.

### Article 2 – Repurchase of certificates of deposit by Danmarks Nationalbank and transactions of certificate of deposit swaps

1. Danmarks Nationalbank shall allow for the repurchase of certificates of deposit when Danmarks Nationalbank deems it necessary.
2. Certificates of deposit swaps (i.e. a simultaneous spot and forward transaction in certificates of deposit) can be entered into whenever Danmarks Nationalbank deems it necessary.

### Article 3 – Settlement

#### **Settlement**

1. Danmarks Nationalbank's sale or buy-back is settled immediately after the trade has been transacted. Settlement of the forward leg of a certificate of deposit swap takes place at 07:00 on the agreed settlement date.
2. On the maturity date, the certificates of deposit shall be redeemed by crediting the nominal value to the primary MCA of the participants concerned before 07:00. Danmarks Nationalbank may redeem the certificates of deposit prematurely at the current price without separate notice of termination.
3. Participants may request purchases from, or resell to, Danmarks Nationalbank via SPI between 10:00 and 17:00 on the day in question.

#### **Inter-trading with ordinary settlement**

4. Certificates of deposit can be traded between participants with settlement on the trade date and simultaneous transfer of payment through the participants' primary MCAs. This requires both seller and buyer to report on the same day between 07:00 and 17:00 via SPI. If reporting of a trade is not matched by an equivalent report from the counterparty, the report will lapse.
5. Individual participants can be informed of their non-matched trades via SPI. Trades in certificates of deposit may not be agreed at prices below the minimum price fixed by Danmarks Nationalbank at any given time, currently 99. The

minimum price shall be set by Danmarks Nationalbank, taking into account the current interest rate level.

#### ***Inter-trading with later settlement***

6. In accordance with the above guidelines, participants may also report mutual trading in certificates of deposit for later settlement. Later settlement means all business days in the period from the business day after the report to the business day before the maturity date.
7. Instruction of a trade with later settlement shall be cancelled if it is not matched by a corresponding instruction from the counterparty. Via SPI each participants can review their unmatched trades for later settlement. Settlement of trades with later settlement takes place at 07:00 on the reported settlement day. If at that time, the participants' holdings of certificates of deposit or available liquidity, including intraday credit, are insufficient to execute the sell order in full, the order will be cancelled.

#### ***Trades for same-day settlement***

8. Participants may request the sale of certificates of deposit to Danmarks Nationalbank or another participant with same-day settlement. If, at the time of admission, the participants' holdings of certificates of deposit or available liquidity, including intraday credit, are not sufficient to execute the sell order in full, the order will be cancelled.

#### ***General***

9. In connection with the settlement of each trade, Danmarks Nationalbank will check that the seller's certificate-of-deposit account holds certificates of deposit for the trade to be carried out. Furthermore, Danmarks Nationalbank will check that any utilised intraday credit, if the trade is executed, is less than the access to intraday loans, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13. If the prerequisites are not met, the settlement of the trade will be cancelled.
10. Individual participants can follow their trades from entry into TARGET DKK until settlement is completed in SPI.
11. Participants cannot cancel a placed buy or sell order that has been matched.

#### ***Contingency procedure***

12. As a contingency procedure, participants may, using the forms 'Request for purchase of certificates of deposit' and 'Request for sale of certificates of deposit', request purchase or sale of certificates of deposit. The request must have binding signatures. The request must be received by Danmarks Nationalbank within the period stated above.
13. An attempt will be made to carry out a properly completed request as soon as possible after receipt.

#### **Article 4 – Danmarks Nationalbank's security rights in the participant's certificates of deposit**

1. Danmarks Nationalbank's sale, repurchase or redemption of certificates of deposit and participants' purchase and sale of certificates of deposit to/from another participant are settled via the participant's primary MCA.
2. The proceeds are thereby offset against the debit balance of the participant's primary MCA at any given time, thereby automatically reducing the participant's intraday loan, if any.

## **Article 5 – Negotiability**

1. Certificates of deposit shall only be sold to the institutions mentioned in Part I 'General Terms and Conditions', Article 4(3) and may only be traded between these institutions and with Danmarks Nationalbank.

## **Article 6 – Pledging, attachment, etc.**

1. Certificates of deposit cannot be pledged as collateral. Attempts to pledge, levy execution, judicial or other attachments, issuing of a bankruptcy order, initiation of reorganisation proceedings or similar insolvency proceedings against a participant shall be deemed to be an event of default entitling Danmarks Nationalbank to demand immediate early redemption of certificates of deposit at the current market price, even though that the MCA may not be terminated and/or the participant may not be excluded from the monetary policy instruments, cf. Part I 'General Terms and Conditions', Article 25.

## **Article 7 – Interest**

1. The certificates of deposit are zero-coupon paper and are redeemed at par on the due date. On resale to Danmarks Nationalbank the price is calculated on the basis of the current rate of interest on certificates of deposit, with the addition of a fixed premium determined by Danmarks Nationalbank.

## **Article 8 – Information**

1. Planned dates for sale of certificates of deposit, repurchase of certificates of deposit and transaction of certificate of deposit swaps, as well as the terms and conditions thereof, are published on Danmarks Nationalbank's website.
2. If there is a need to announce additional market operations or a change in the terms and conditions, such announcement will be published on Danmarks Nationalbank's website.

## Part VIII – Terms and Conditions for Monetary Policy Loans

### Article 1 – Raising of monetary policy loans

1. Danmarks Nationalbank usually offers the sale of a series of monetary policy loans on the last business day of each week with maturity on the last business day of the following week, i.e. usually 7 days later. Each series is labelled with a year and week number that refers to the maturity date.
2. Participants may request monetary policy loans via SPI normally between 10:00 and 13:00 on the day in question.
3. The loan will be paid out to the participant's primary MCA immediately upon receipt of a properly completed request via SPI, provided that the necessary collateral is available, see Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities'. If sufficient collateral has not been provided on Danmarks Nationalbank's receipt of the request, neither all nor part of the loan will be paid out.
4. The borrowed amount is recorded in the participant's monetary policy loan account and the amount is simultaneously credited to the participant's primary MCA.
5. Apart from the account statement referred to in Part I 'General Terms and Conditions', Article 13, which is available electronically in TARGET DKK SPI, no documentation for the loan is prepared.

#### **Contingency procedure**

6. Participants may, as a contingency procedure, request a monetary policy loan using the "Request to raise a monetary policy loan" forms. The request must have binding signatures. The request must be received by Danmarks Nationalbank within the period stated above.
7. An attempt will be made to execute a properly completed request as soon as possible after receipt.

### Article 2 – Redemption

1. The individual loans fall due for repayment before TARGET DKK opens on the last business day of the following week at around 7:00, i.e. usually 7 days after the loan is taken out. Repayment is made via the participant's primary MCA, as Danmarks Nationalbank is authorised to debit the primary MCA for the amount borrowed, including accrued interest. If the amount borrowed, including accrued interest, exceeds the balance on the primary MCA, Danmarks Nationalbank is authorised, until the close of the monetary policy day, and at Danmarks Nationalbank's discretion, to debit the participant's other accounts or, provided that the participant has sufficient collateral available on its collateral list (including the collateral for the monetary policy loan), cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13, to debit the amount from the primary MCA, thereby creating an intraday loan to be covered in accordance with Part II 'Terms and Conditions for Main Cash Accounts (MCAs)', Article 10.
2. Early redemption, regardless of whether the participant pays interest up to and including the due date, cannot take place.

### **Article 3 – Interest**

1. The individual loans bear interest at Danmarks Nationalbank's lending rate, which is determined by Danmarks Nationalbank, cf. Article 5. Interest for the loan period for each loan is calculated when the loan is raised based on actual days/360 days and accrued on the day the loan is due.

### **Article 4 – Collateral**

1. Participants shall provide collateral for monetary policy loans in accordance with the rules set out in Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities'.

### **Article 5 – Information**

1. The opening for sale of a series of short-term monetary policy loans and Danmarks Nationalbank's lending rate are published on Danmarks Nationalbank's website.



## **Part IX – Terms and Conditions for Pledging of Collateral for Credit Facilities**

### **Article 1 – Collateral for Credit Facilities**

1. Danmarks Nationalbank decides which assets can serve as collateral for credit in Danish kroner. Danmarks Nationalbank's decision to change the collateral base and loan values shall also apply to collateral for credit that has already been granted.

### **Article 2 – Establishment**

1. Participants may request the opening of a collateral account for credit in Danish kroner. In such cases, Danmarks Nationalbank opens a securities account with VP Securities A/S in the participant's name with Danmarks Nationalbank as the account-holding institution (Securities Account) and an associated yield account in Danish kroner with Danmarks Nationalbank (Danish kroner yield account). At the request of a participant with an MCA in euro, a yield account in euro shall also be opened at Danmarks Nationalbank (Euro yield account).
2. A Danish krone yield account and a Euro yield account are collectively referred to as Yield Accounts.
3. For participants that have entered into an agreement with Danmarks Nationalbank on the use of T2S Auto-collateralisation loans, cf. Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans', two securities accounts are created in T2S – receiving custody account and regular custody account – with Danmarks Nationalbank as the account-holding institution and associated with the same Yield Accounts referred to in subsection (1) and (2).

### **Article 3 – Pledging**

1. The participant pledges the Securities Account and associated Yield Accounts to Danmarks Nationalbank by signing the "Deed of pledge for credit facilities in Danish Kroner at Danmarks Nationalbank", which is sent to Danmarks Nationalbank together with documentation of the LEI code.
2. Danmarks Nationalbank registers the pledge on the Securities Account with VP Securities A/S (hereinafter the Pledged Securities Account) and blocks the Yield Accounts.
3. Participants who have entered into an agreement with Danmarks Nationalbank on the use of T2S auto-collateralisation loans shall also sign the "Deed of pledge for credit facilities in Danish Kroner at Danmarks Nationalbank in connection with settlement on the T2S platform", which are sent to Danmarks Nationalbank together with documentation of LEI code.
4. Danmarks Nationalbank registers the pledge of the receiving custody account and the regular custody account with VP Securities A/S and blocks the Yield Accounts.

## Article 4 – Collateral base

1. Danmarks Nationalbank grants access to credit in Danish kroner to participants against collateral:
  - a. the following securities registered with VP Securities A/S in Danish kroner and euro admitted to trading on OMX NASDAQ Copenhagen (eligible securities):
    - i. securities issued by the Kingdom of Denmark or the Fisheries Bank
    - ii. bonds guaranteed by the Kingdom of Denmark
    - iii. bonds issued by KommuneKredit
    - iv. bonds issued by the Government of the Faroe Islands
    - v. mortgage bonds (ROs), covered bank bonds (SDOs) and covered mortgage bonds (SDROs) issued by institutions subject to the Danish Financial Business Act and
  - b. deposits in Yield Accounts.
2. It is a prerequisite for using eligible securities in euro as collateralisation that the participant provides an MCA in euro.
3. Danmarks Nationalbank reserves the right to reject certain securities within these categories – including equity-indexed issues and securities with option-like elements – as Eligible Securities.
4. The securities that Danmarks Nationalbank accepts as collateral at any given time are listed in Danmarks Nationalbank's list of eligible securities for credit in Danish kroner. The list is available in SPI.
5. For all of the above securities it applies that they must not be issued or guaranteed by a participant or by a party with which a participant has close links as defined in Article 4(1)(38) of Regulation (EU) No 575/2013. However, exceptions to this rule are (i) ministries of finance and public authorities, (ii) close links between the participant and public authorities in EEA countries, (iii) bonds that fully comply with the criteria set out in Article 52(4) of the UCITS Directive (Directive 2009/65), and (iv) cases where the bonds are protected by special legal safeguards similar to (iii).
6. For ROs, SDOs or SDROs where the maturity is shorter than the underlying loans, bonds issued by a participant in connection with a refinancing auction (newly issued bonds) cannot be pledged as collateral by the issuer earlier than the last business day before the settlement day on which the maturing bonds are redeemed. The same applies to securities that the issuer has acquired with the proceeds from the sale of newly issued bonds.

## Article 5 – Collateral value

### ***Collateral value of eligible securities***

1. The collateral value of eligible securities shall be calculated on the basis of the official (average) price on OMX NASDAQ Copenhagen on the previous trading day according to the following formula:  
$$\text{Collateral value} = \text{market value incl. accrued interest} * (1 - \text{haircut}).$$
2. If an asset has not been traded on the previous business day, a theoretical price set by Danmarks Nationalbank is used to calculate the collateral value of the asset. The calculated price is shown in SPI. The price originates from an external supplier and any import of this into a participant's own systems may only take place by agreement between the participant and this supplier. Five per cent is deducted from the asset's value if a theoretical price is used. Securities issued by the Kingdom of Denmark are exempt from the five per cent deduction.

3. Haircuts etc. for the individual securities are stated in the list of eligible securities for credit in Danish kroner applicable at the time, cf. Article 4. The list is available in SPI.
4. The collateral value in Danish kroner of eligible securities in euro is calculated on the basis of the official exchange rate from Danmarks Nationalbank on the previous listing day, with a deduction of three per cent.

***Collateral value of Yield Account balances***

5. The collateral value of the balance in a Danish kroner yield account shall correspond to the current balance.
6. The collateral value in Danish kroner of deposits in a Euro yield account shall be calculated on the basis of the official exchange rate from Danmarks Nationalbank on the previous listing day.

**Article 6 – Pledging of Collateral**

1. Collateral is pledged by transferring eligible securities to the Pledged Securities Account via SPI during the period from 07:00 to 17:00, in accordance with the procedure set out in Article 15.
2. Pledging of collateral for the purpose of raising intraday loans for the redemption of T2S Auto-collateralisation loans shall be provided upon Danmarks Nationalbank's transfer of the participant's securities held in the pledged receiving custody account to the pledged regular custody account at 16:30, cf. Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation loans', Article 4.

**Article 7 – Withdrawal**

1. The participant may request the withdrawal of eligible securities from the Pledged Securities Account via the SPI during the period from 07:00 to 17:00 in accordance with the procedure set out in Article 15. The eligible securities shall be transferred to an account designated by the participant and registered with VP Securities A/S in the form of either a VP Account or an account on T2S, cf. Article 15, provided that the coverage check is positive, cf. Article 12. With respect to the withdrawal of eligible securities from a receiving custody account, Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans', Article 6 shall apply. Participants cannot withdraw securities from a regular custody account.

**Article 8 – Substitution**

1. Substitution takes place in accordance with the procedure in Article 15 by transferring new eligible securities to the Pledged Securities Account, followed by the withdrawal of previously transferred securities from the Pledged Securities Account. Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans', Article 6, shall apply to the substitution of eligible securities in the receiving custody account. Participants cannot substitute securities in the regular custody account.

**Article 9 – Yield**

1. Repayments and interest on eligible securities are deposited in the Yield Accounts at Danmarks Nationalbank and pledged as collateral for the participant's outstanding debt to Danmarks Nationalbank at any given time, cf. the "Deed of pledge for credit facilities in Danish kroner at Danmarks Nationalbank", "Deed of

pledge for credit facilities in Danish kroner at Danmarks Nationalbank in connection with settlement on the T2S Platform". The balance in the Yield Account in Danish kroner is transferred daily by Danmarks Nationalbank to the participant's MCA in Danish kroner. The balance of any Yield Account in Euro is transferred to the participant's Euro MCA on a daily basis. However, yields shall not be transferred, either in whole or in part, if one of the following becomes negative, cf. Article 13:

- a. excess collateral
- b. total collateral value of collateral for intraday loans less outstanding intraday loans.

## **Article 10 – Certificates of deposit and SCP pledge account**

### ***Guidelines and collateral value of certificates of deposit***

1. A participant's registered holdings of certificates of deposit are automatically included in the collateral base in relation to intraday loans on the MCA, as described in Part VII 'Terms and Conditions for Certificates of Deposit', Article 4.
2. The collateral value of certificates of deposit is currently calculated as 99 per cent of the nominal value. The collateral value shall correspond to the minimum price for trading in certificates of deposit set by Danmarks Nationalbank at any given time.

### ***SCP mortgage account guidelines and collateral value***

3. A participant's currency deposits in SCP with Sveriges Riksbank and Norges Bank are automatically included in the collateral base in relation to intraday loans on the MCA, as described in Part XI 'Terms and Conditions for Use of SCP as Collateral for Intraday Loans at Danmarks Nationalbank', Article 4.
4. The collateral value of balances in an SCP pledged account shall correspond to the value in Danish kroner of the current balance in Norwegian or Swedish kroner, less the haircut set by Danmarks Nationalbank at any given time.

## **Article 11 – Other assets**

### ***Guidelines for other assets***

1. Based on a specific assessment, Danmarks Nationalbank may, at the participant's request and in very special cases, determine which other assets may be used as collateral for credit facilities in Danish kroner and on what terms and conditions. The participant must document the legal validity, irrefutability and enforceability of the collateral in a manner satisfactory to Danmarks Nationalbank.

### ***Collateral value of other assets***

2. The collateral value of other assets is determined by Danmarks Nationalbank following a specific assessment.

## **Article 12 – General**

### ***Participant's other agreements***

1. For all collateral pledged to Danmarks Nationalbank, participants must assess whether the collateral may cause loan agreements entered into by a participant to fall due for early repayment, as well as the consequences for the participant of such early repayment.

#### **Coverage check**

2. Participants shall be authorised to raise monetary policy loans and loans relating to cash deposits, as well as to withdraw eligible securities or other assets if none of the following statements are negative:
  - a. the calculation of the participant's excess collateral in accordance with Article 13; and
  - b. calculation of the total collateral value of the participant's collateral for intraday loans less outstanding intraday loans.
3. Participants shall be authorised to withdraw from the MCA so that the balance of the MCA becomes negative if the actual withdrawal does not exceed the total collateral value of collateral for intraday loans as referred to in Article 13.

#### **Contingency procedure**

4. If TARGET DKK is not available, the participants can use the form "Request for withdrawal and/or placement of securities in the pledged securities account for credit facilities in Danish Kroner" by submitting it via e-mail or fax.
5. A condition for using the contingency procedure form "Request for withdrawal and/or placement of securities in the pledged securities account for credit facilities in Danish Kroner" is that power of attorney has been provided. A power of attorney for this purpose is provided by using the form "Power of attorney for emergency procedures to place and withdraw assets from the Pledged Securities Account in Danish Kroner".

#### **Article 13 – Collateral list – collateral provided by the participant**

1. The collateral value of the participant's collateral pledged at any given time is stated in the participant's collateral list. The pledged receiving custody account used for the participant's raising of T2S auto-collateralisation loans directly on T2S, as referred to in Part X 'Terms and Conditions for Use of T2S Auto-Collateralisation Loans', is not included in the participant's collateral list.
2. The collateral list includes:

Collateral value of eligible securities held in the Pledged Securities Account pledged to Danmarks Nationalbank

+ Collateral value of Yield Account balances

+ Collateral value of other assets

**= Total collateral value of collateral**

- Monetary policy loans

- Maximum for loans related to cash deposits

- Other credit facilities

**= Excess collateral**

+ Collateral value of certificates of deposit

+ Collateral value of currency deposits in Scandinavian Cash Pool (SCP)

+ Collateral value of eligible securities held in the pledgor's regular custody account pledged to Danmarks Nationalbank

**= Total collateral value of collateral for intraday loans**

3. The pledged regular custody account shall only be included in the calculation of the total collateral value of collateral for the purpose of raising intraday loans for the redemption of T2S auto-collateralisation loans and can only be used for this purpose.
4. Monetary policy loans and other credit facilities are included in the calculation at the outstanding debt including accrued interest. Danmarks Nationalbank may also fully or partially include calculated but unaccrued interest.
5. Danmarks Nationalbank may also fully or partially include calculated, but unaccrued negative interest on current account balances under 'other credit facilities' in the calculation of participants' 'excess collateral', cf. above.
6. If the calculation of a participant's 'excess collateral' is negative, the 'excess collateral' is not included in the calculation of the total collateral value of collateral for intraday loans.
7. The sum of a participant's outstanding monetary policy loans, maximum for loans relating to cash deposits, other credit facilities and intraday loans constitutes the participant's total outstanding exposure to Danmarks Nationalbank.

#### **Article 14 – Top-up collateral and substitution of assets that are no longer eligible**

1. If the 'excess collateral', cf. Article 13, is calculated at a negative amount, the participant is obliged to immediately provide top-up collateral in eligible securities with a total collateral value that is at least equal to the calculated negative amount. Certificates of deposit and currency deposits in SCP cannot be pledged as collateral.
2. If the total collateral value of a participant's collateral for intraday loans less outstanding intraday loans is a negative amount, the participant is obliged to immediately provide collateral in assets that can be used as collateral for intraday loans with a total collateral value that is at least equal to the calculated negative amount.
3. If collateral already provided can no longer serve as collateral for credit in Danish kroner, the participant must replace it with other eligible collateral of substantially the same value.
4. The release of collateral already provided can only take place once the new eligible collateral has been provided, cf. Article 8.

#### **Article 15 – Authorisation for Danmarks Nationalbank to transfer securities to the Pledged Securities Account and to withdraw securities from the Pledged Securities Account**

1. Transfer of securities to the Pledged Securities Account, cf. Article 6, shall be effected by the participant instructing Danmarks Nationalbank via SPI to request VP Securities A/S to transfer eligible securities from an account designated by the participant and registered with VP Securities A/S in the form of either a 'VP Account' or an account on T2S 'T2S Account' – in both cases a securities account for securities dealers or large corporate clients – to the Pledged Securities Account. Danmarks Nationalbank is hereby authorised to request VP Securities A/S to transfer the securities stated by the participant in the instruction given and the stated nominal value from the VP account/T2S account designated by the participant to the Pledged Securities Account.
2. A request for withdrawal of securities from the Pledged Securities Account, cf. Article 7, shall be made by the participant instructing Danmarks Nationalbank via SPI to request VP Securities A/S to transfer securities from the Pledged Securities Account to the VP account/T2S account designated by the participant.

3. Top-up collateral, substitution and withdrawal can only take place via SPI as stated above.
4. Designation of the account registered with VP Securities A/S in the form of either a VP account or a T2S account shall be made by completing the section "Designation of account at VP Securities A/S for use when pledging collateral to Danmarks Nationalbank" in the form "Connection to TARGET DKK", which is available on Danmarks Nationalbank's website.
5. The participant accepts that Danmarks Nationalbank will forward the above forms signed by the participant to VP Securities A/S.

## **Part X – Terms and Conditions for Use of T2S Auto-Collateralisation Loans**

### **Article 1 – T2S Auto-collateralisation loans**

1. Terms and Conditions for the Use of T2S Auto-Collateralisation Loans in Danish Kroner at Danmarks Nationalbank shall apply in connection with a participant's raising of intraday loans for the purchase of securities and the execution of corporate actions payments in T2S against collateral in the securities purchased or other securities.
2. The loan is granted by Danmarks Nationalbank and must be covered by the end of Danmarks Nationalbank's monetary policy day.

### **Article 2 – Access to the use of T2S auto-collateralisation loans**

1. Danmarks Nationalbank allows participants with an MCA at Danmarks Nationalbank, and who therefore have access to intraday loans and who have set up a T2S DCA in Danish kroner with Danmarks Nationalbank, to use T2S auto-collateralisation loans. The requirements, including the technical requirements for participants to use T2S auto-collateralisation loans, are also set out in the T2S Technical and Functional Documents, which are available on the ECB's website.

### **Article 3 – Creation of custody accounts for T2S auto-collateralisation loans**

1. A prerequisite for access to use T2S auto-collateralisation loans is that the participant has signed a deed of pledge of the participant's receiving custody account and regular custody account to Danmarks Nationalbank.
2. It is also a prerequisite that the participant has at least one collateral providing custody account from which securities can be transferred to the pledged receiving custody account, cf. Article 4. Collateral providing custody accounts may be registered with VP Securities A/S or with another CSD that is a participant in T2S and has established a link to VP Securities A/S. Ownership of the securities registered in the collateral providing custody account at any given time must belong to the participant. Where the participant has designated a custody account belonging to a client as a collateral providing custody account, ownership of the securities registered in the collateral providing custody account at any given time shall belong to the client, see, however, Part IV 'Terms and Conditions for TARGET2-Securities Dedicated Cash Accounts (T2S DCAs)', Article 9, according to which ownership of securities deriving from a collateral providing custody account belonging to the client and pledged to Danmarks Nationalbank must belong to the participant at the time of pledging.
3. Similarly, the participant must have designated a custody account to which Danmarks Nationalbank has the necessary authorisation for securities transferred to the pledged regular custody account to be released following redemption of intraday loans as further described in Article 4. This custody account must be registered with VP Securities A/S.



#### **Article 4 – Use of T2S auto-collateralisation loans**

##### ***Raising T2S auto-collateralisation loans in Danish kroner directly in T2S against collateral in the purchased securities or other securities.***

1. Participants who have indicated that they want access to T2S auto-collateralisation loans have thereby entered into an agreement with Danmarks Nationalbank to use T2S auto-collateralisation loans, and can obtain credit from Danmarks Nationalbank for settlement in Danish kroner directly on T2S using T2S auto-collateralisation loans.
2. No interest is charged on credit granted using T2S auto-collateralisation loans.
3. Where the participant submits a purchase instruction or an instruction for corporate actions payments in T2S and the participant's balance on the T2S DCA is less than the price of the securities covered by the purchase instruction or the corporate actions payments to be made, the participant shall automatically obtain a loan from Danmarks Nationalbank directly on T2S. In connection with the participant's submission of a purchase instruction or instruction for the payment of interest and instalments (corporate actions payments) on T2S. In connection with purchase instructions, the loan shall be granted against collateral in the securities purchased, provided that the securities are included in Danmarks Nationalbank's collateral base, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities'. A proportion of the securities purchased, corresponding to the difference between the deposit in the T2S DCA and the collateral value of the securities purchased, shall be transferred to the participant's receiving custody account pledged to Danmarks Nationalbank.
4. In connection with the execution of corporate actions payments, or to the extent that the securities purchased are not included in Danmarks Nationalbank's collateral base, the loan from Danmarks Nationalbank shall be granted against collateral in eligible securities registered in one or more of the collateral providing custody accounts specified by the participant. The participant accepts that a proportion of the securities with a collateral value corresponding to the participant's borrowing requirement in one or more collateral providing custody accounts shall be transferred to the participant's receiving custody account pledged to Danmarks Nationalbank as collateral for the loan. If the participant has specified multiple collateral providing custody accounts, including collateral providing custody accounts belonging to clients, it shall be determined, according to a predefined algorithm in the T2S system, which collateral providing custody accounts are used in connection with the raising of the individual loans.
5. The loan proceeds, corresponding to the collateral value of the pledged securities, shall then be transferred to the participant's T2S DCA for use in the execution of the purchase or making of corporate actions payments.

##### ***Redemption of T2S auto-collateralisation loans in Danish kroner raised directly on T2S***

6. The T2S auto-collateralisation loan granted by Danmarks Nationalbank can be redeemed by the T2S DCA holder at any time during the business day. The loan must be repaid by 16:30 at the latest.
7. Upon repayment of the loan, the pledged securities registered in the participant's receiving custody account shall be released and transferred to the same collateral providing custody account from which the pledged securities were transferred to the receiving custody account.
8. Danmarks Nationalbank is authorised to debit the participant's T2S DCA linked to T2S auto-collateralisation loan at 16:30 for the purpose of repaying the T2S auto-collateralisation loan. If the balance of the linked T2S DCA is insufficient at that time to cover the outstanding T2S auto-collateralisation loan, Danmarks Nationalbank is authorised to debit an amount equal to the difference from the participant's other T2S DCAs for the purpose of redeeming the T2S auto-collateralisation loan granted on T2S. Upon redemption of the T2S auto-collateralisation loan, the pledged securities registered in the receiving custody

account shall be released to the collateral providing custody account(s) from which the securities were transferred.

***Raising of intraday loans for the repayment of T2S auto-collateralisation loans raised directly on T2S – against collateral in the regular custody account***

9. If it has not been possible to repay the participant's T2S auto-collateralisation loan in full at 16:30 in accordance with the procedure described above, due to the participant not having sufficient funds in its T2S DCA linked to T2S auto-collateralisation loan or other T2S DCAs, at 16:30 Danmarks Nationalbank is authorised to create an intraday loan to the participant with Danmarks Nationalbank for an amount corresponding to the part of the participant's T2S auto-collateralisation loan that is not repaid. No interest is charged on the intraday loan.
10. No later than at the time of granting this intraday loan, Danmarks Nationalbank is also authorised to transfer the participant's pledged securities from the receiving custody account to the participant's regular custody account, which is also pledged to Danmarks Nationalbank. The intraday loan is thus granted against collateral in the participant's securities in the regular custody account included in the participant's collateral list. The regular custody account cannot be used as collateral for other types of borrowing. The loan proceeds are credited to the T2S DCA and are immediately used to repay the T2S auto-collateralised loan. Upon transfer of the pledged securities from the receiving custody account to the regular custody account, participants shall be obliged to pay an amount to Danmarks Nationalbank corresponding to the countervalue of EUR 1,000. Danmarks Nationalbank is authorised to debit the amount from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank issues a separate invoice for the amount, which is available on the same day as the debiting takes place.
11. To the extent that the balance on the participant's primary MCA, after redemption of the T2S auto-collateralisation loan and transfer of pledged securities from the receiving custody account to the participant's regular custody account, cf. above, is sufficient to cover the intraday loan, Danmarks Nationalbank is authorised to debit the primary MCA and the participant's other accounts and use the amount for full or partial redemption of the intraday loan. However, Danmarks Nationalbank shall not be obliged to do so. Upon such full or partial redemption, the pledged securities in the regular custody account shall be released and transferred to the custody account registered with VP Securities A/S, which the participant has specified as the custody account to which the released securities are to be transferred.
12. For participants issuing ROs, SDOs or SDROs where the maturity is shorter than the underlying loans, the participant may not place bonds issued by the participant in connection with a refinancing auction (newly issued bonds) in the collateral providing custody account earlier than the last business day before the settlement day on which the maturing bonds are redeemed. The same applies to securities that the issuer has acquired with the proceeds from the sale of newly issued bonds.

**Article 5 – Time limit for redemption of intraday loans used to redeem T2S auto-collateralised loans raised on T2S**

1. Participants shall be obliged to redeem intraday loans used for the redemption of T2S auto-collateralisation loans, cf. Article 4 above, within the same settlement day in accordance with the rules for the redemption of intraday loans, cf. Part II 'Terms and Conditions for Main Cash Accounts (MCAs)', Article 10 Intraday loans.
2. On redemption, the pledged securities in the regular custody account shall be released and transferred to the custody account registered with VP Securities A/S, which the participant has specified in 'Designation of securities account for

the release of securities in connection with the use of T2S Auto-collateralisation loans' as the custody account to which the released securities are to be transferred. If possible, the transfer is made within the same business day.

3. In the event of non-repayment, Danmarks Nationalbank shall be entitled, without prior legal actions and without notice, to enforce the securities pledged by the participant as collateral security for the debt.
4. In the event of repeated delays in connection with the repayment of intraday loans used to redeem T2S auto-collateralisation loans, Danmarks Nationalbank reserves the right to terminate access to T2S auto-collateralisation loans without notice.

#### **Article 6 – Substitution of collateral pledged to Danmarks Nationalbank in connection with the raising of T2S auto-collateralisation loans**

1. If a participant wishes to sell securities pledged to Danmarks Nationalbank in connection with the raising of T2S auto-collateralisation loans, Danmarks Nationalbank is authorised to substitute the pledged collateral (by transferring eligible securities from the collateral providing custody account to the receiving custody account) and/or debit the T2S DCA and redeem the T2S auto-collateralisation loan, provided that there are sufficient funds in the T2S DCA.
2. eligible securities pledged to Danmarks Nationalbank in the receiving custody account may be substituted until 16:10 by transferring new eligible securities to the receiving custody account followed by withdrawal of previously transferred securities, provided that the difference between the participant's outstanding T2S auto-collateralisation loan and the collateral value of the securities in the receiving custody account does not become negative as a result. Participants cannot substitute securities in the regular custody account.

## **Part XI – Terms and Conditions for Use of SCP as Collateral for Intraday Loans at Danmarks Nationalbank**

### **Article 1 – SCP as collateral for intraday loans at Danmarks Nationalbank**

1. The terms and conditions for the use of the Scandinavian Cash Pool as collateral at Danmarks Nationalbank shall apply in connection with any intraday loan granted by Danmarks Nationalbank against collateral in currency deposits at Sveriges Riksbank or Norges Bank as part of the Scandinavian Cash Pool (currency deposits in SCP).

### **Article 2 – Access to intraday loans collateralised by currency deposits in SCP**

1. Danmarks Nationalbank may grant holders of one or more MCAs (other than co-managees) access to use currency deposits in the SCP as collateral for intraday loans at Danmarks Nationalbank upon request to Danmarks Nationalbank using completing the section "Request for access to use SCP Currency Deposits as collateral for intraday loans at Danmarks Nationalbank" in the form "Connection to TARGET DKK" and submitting the "Deed of pledge for credit facilities in Danish kroner at Danmarks Nationalbank in Scandinavian Cash Pool (SCP)", which is available on Danmarks Nationalbank's website. Danmarks Nationalbank registers the pledge with Sveriges Riksbank and Norges Bank.

### **Article 3 – Termination of access to intraday loans collateralised by currency deposits in SCP**

1. At any time and without notice, Danmarks Nationalbank is entitled to terminate a participant's access to use currency deposits in SCP as collateral and to demand immediate repayment of any outstanding amount. If the balance is not settled, Danmarks Nationalbank is entitled to realise the collateral provided by the participant in the form of currency deposits without notice.
2. The participant shall be entitled to cease use of currency deposits in the SCP as collateral without notice on condition that all obligations arising from the use of currency deposits in the SCP are fulfilled.

### **Article 4 – Registration of the value of currency holdings in SCP at Danmarks Nationalbank**

1. Danmarks Nationalbank shall register the value of a participant's currency deposits in SCP on the participant's collateral list, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 15 when Sveriges Riksbank's or Norges Bank's notification of the provision of collateral has been received by Danmarks Nationalbank. The collateral value of the participant's currency deposit in SCP shall correspond to the value in Danish kroner of the participant's collateral in currency deposits in Swedish kronor or Norwegian kroner, less a currency haircut, according to the following formula:

Collateral value in Danish kroner = collateral in foreign currency deposits x exchange rate x (1 – currency haircut)

Exchange rates are calculated based on Danmarks Nationalbank's official foreign exchange quotation on the previous business day.

The currency haircut for loans against collateral in Swedish kronor is currently five per cent.

The currency haircut for loans against collateral in Norwegian kroner is currently five per cent.

2. Danmarks Nationalbank can change the currency haircut at any time and without notice.

#### **Article 5 – Request for release of collateral registered in currency deposits in SCP**

1. Between 07:00 and 17:00 every business day, participants can request the release of currency deposits in SCP in which Danmarks Nationalbank has registered collateral. The release of currency deposits shall take place insofar as the collateral value of the other collateral on the participant's collateral list for intraday loans is sufficient to cover the participant's outstanding intraday loans, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13. The form "Request for release of collateral registered in currency deposits in SCP" must be used for the request.

#### **Article 6 – Repayment of loans raised or substitution of collateral**

1. Participants shall be obliged to redeem intraday loans based on collateral in currency deposits in the SCP or substitute the collateral in currency deposits in the SCP with other eligible collateral within the same business day and no later than 15:00.
2. Danmarks Nationalbank shall therefore reduce the participant's collateral list every day at 15:00 by the collateral value of the participant's collateral in currency deposits in SCP, cf., however, below.
3. At the same time as the reduction, Danmarks Nationalbank shall notify Sveriges Riksbank or Norges Bank that an equivalent amount may be released from the participant's collateral in currency deposits in Swedish kronor or Norwegian kroner, according to the following formula:

Currency deposit for release = amount of loan reduction in Danish kroner / (exchange rate x (1 - currency haircut)).

4. Exchange rates and currency haircuts shall be determined by Danmarks Nationalbank, cf. Article 4.
5. If the sum of the participant's outstanding intraday loans immediately prior to 15:00 exceeds the total collateral value of the participant's other collateral on the collateral list for use for intraday loans, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 15, Danmarks Nationalbank shall maintain collateral in as much of the currency deposit in the SCP as is necessary for Danmarks Nationalbank to have full collateral for the participant's total outstanding exposure at Danmarks Nationalbank, cf. Part IX 'Terms and Conditions for Pledging of Collateral for Credit Facilities', Article 13.

#### **Article 7 – Payment in the event of non-redemption or substitution of collateral**

1. In addition to immediately covering or substituting collateral, cf. Article 6, participants shall be obliged to pay kr. 50,000 to Danmarks Nationalbank if redemption or substitution has not taken place by 15:00 on the same business day.
2. If a participant's outstanding intraday loan at 17:00 still exceeds the total collateral value of the participant's other collateral for intraday loans, in addition to

immediate coverage, the participant shall be obliged to pay an additional kr. 50,000.

3. In addition, Part II 'Terms and Conditions for Main Cash Accounts (MCAs)', Article 10 on coverage of intraday loans shall apply.
4. Danmarks Nationalbank is authorised to debit the amounts from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank issues a separate invoice for the amounts, which will be available on the same day as the debit takes place. Danmarks Nationalbank may change the amounts at any time without notice.
5. Danmarks Nationalbank is entitled, without prior legal proceedings and without notice, to realise the assets pledged by the participant as collateral in the form of currency deposits or other assets.

## **Part XII – Terms and Conditions for Use of SCP as Collateral for Intraday Loans at Sveriges Riksbank and Norges Bank**

### **Article 1 – SCP as collateral for intraday loans Sveriges Riksbank and Norges Bank**

1. The terms and conditions for use of the Scandinavian Cash Pool in Danish kroner as collateral for intraday loans at Sveriges Riksbank and Norges Bank shall apply in connection with any loan granted by Sveriges Riksbank or Norges Bank against collateral in Danish kroner at Danmarks Nationalbank as part of the Scandinavian Cash Pool (SCP).

### **Article 2 – Access to use cash collateral in Danish kroner at Danmarks Nationalbank**

1. Danmarks Nationalbank may grant holders of one or more MCAs (other than co-managees) access to use the SCP in the form of cash collateral in Danish kroner for loans granted by Sveriges Riksbank and/or Norges Bank upon written request to Danmarks Nationalbank by completing the section on “Request to use Collateral in Danish Kroner through the SCP agreement for Intraday Loans at Sveriges Riksbank or/and Norges Bank” in the form “Connection to TARGET DKK”, which is available on Danmarks Nationalbank's website.

### **Article 3 – Termination of access to use cash collateral in Danish kroner at Danmarks Nationalbank**

1. At any time and without notice, Danmarks Nationalbank shall be entitled to terminate a participant's access to use SCP in the form of cash collateral in Danish kroner for loans granted by Sveriges Riksbank or Norges Bank.
2. Participants shall be entitled to cease using the SCP in the form of cash collateral in Danish kroner for loans granted by Sveriges Riksbank or Norges Bank without notice, provided that all obligations arising from the use of the SCP scheme have been fulfilled.

### **Article 4 – Transfer from participant's MCA to the MCA of Sveriges Riksbank or Norges Bank**

1. A participant may transfer amounts from its MCA to an MCA at Danmarks Nationalbank registered in the name of Sveriges Riksbank or Norges Bank, which Danmarks Nationalbank has informed the participant has been established for the participant's use of cash collateral in Danish kroner in the SCP scheme, every business day between 7:00 and 15:00 via TARGET DKK.

### **Article 5 – Reversal from the Sveriges Riksbank or Norges Bank MCA to the participant's MCA**

1. Sveriges Riksbank and Norges Bank transfer the amount transferred by a participant to Sveriges Riksbank and/or Norges Bank's MCA pursuant to Article 4 back to the participant's MCA immediately after 15:00 on the same business day, provided that the participant has fulfilled its obligations to Sveriges Riksbank and Norges Bank, respectively. If the amount has not been transferred back at this time, and if this is due to the participant's failure to fulfil its obliga-

tions, the participant shall be obliged to pay an amount of kr. 50,000 to Danmarks Nationalbank. Danmarks Nationalbank is authorised to debit the amount from the participant's primary MCA or, in the event of insufficient funds, from one of the participant's other accounts. Danmarks Nationalbank issues a separate invoice for the amount, which is available on the same day as the debiting takes place. Danmarks Nationalbank may change the amount at any time without notice.

2. Danmarks Nationalbank shall also be entitled, without prior legal proceedings and without notice, to enforce the assets pledged by the participant as security for any debt which the participant has and may subsequently incur to Danmarks Nationalbank.

#### **Article 6 – Interest**

1. Any balance on the separate MCA, registered in the name of Sveriges Riksbank or Norges Bank and created for a participant's use of Danish kroner cash collateral in the SCP, to which the participant transferred the cash collateral in accordance with Article 4, shall be included in the participant's current account balance for interest accrual at the end of the monetary policy day.