

**Secret**Act on Openness of
Government Activities,
section 24 (1) (20)**PLEDGE AGREEMENT****Pledger**

XX Bank (business ID),
which owns the assets to be pledged at the time of signing this Pledge Agreement or has acquired ownership of the assets to be pledged after the time of signature of this Pledge Agreement.

Pledgee

Bank of Finland

Purpose of the Agreement

By this Agreement, the Pledgee and the Pledger agree on collateral arrangements to secure adequate collateral for lending by the Bank of Finland.¹ The eligibility criteria for collateral are defined in the Bank of Finland Rules on monetary policy operations and collateral valid at the time.² The realisation of pledged assets is subject to the acceleration criteria under the Bank of Finland Rules. The collateral arrangement under this Agreement is subject to the Act on Financial Collateral (11/2004), as amended.

Pledge

The Pledge under this Pledge Agreement consists of:

- 1) The Pledger's book-entry account No yyy in the book-entry register operated by the Finnish Central Securities Depository and any book-entry securities in this account as well as monetary amounts accumulated on income from, or upon maturity of, such book-entry securities, which are kept separately.
- 2) Fixed-term deposits placed by the Pledger with the Bank of Finland in the context of monetary policy operations.

¹ In accordance with section 7 of the Act on the Bank of Finland (214/1998), the Bank of Finland shall hold adequate collateral in connection with the granting of credit.

² The Bank of Finland Rules on monetary policy operations and collateral include ECB guidelines and a document entitled 'Implementation of monetary policy operations and collateral management at the Bank of Finland', and they are available on the Bank of Finland website.

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- 3) Securities deposited on behalf of the Pledger in central securities depositories abroad and transferred as collateral to the Bank of Finland.

The Pledger must ensure that the collateral value of eligible collateral pledged by it continuously fulfils the aggregate collateral need determined by the Bank of Finland for its lending to the Pledgee, covering Eurosystem credit operations (i.e., liquidity-providing operations), including the marginal lending facility and interest thereon, as well as intraday credit limit granted in the TARGET-Suomen Pankki component system (including its backup system).

The Bank of Finland shall determine the value of the collateral in accordance with the Eurosystem risk management framework valid at the time. Any interest and other income from the collateral, as well as any amounts due upon maturity, shall fall within the scope of the pledge. The Bank of Finland shall transfer these payments to the Pledger if other collateral assets cover the amount of the debt.

The duration of the pledge of each marketable asset, including its start and end date, can be verified at any time in the collateral management system used by the Bank of Finland.

Debt amount and related obligations covered by the Pledge

The amount of debt to be covered by the pledge comprises:

- 1) Intraday credit granted to the Pledger in the TARGET-Suomen Pankki component system, including any credit granted through a backup arrangement³,
- 2) Amount of credit extended to the Pledger through the marginal lending facility,
- 3) Any monetary amounts deriving from monetary policy operations executed as collateralised loans and the margin requirements for repurchase agreements in the context of monetary policy operations, and

³ If the Bank of Finland finds it necessary, it will activate a backup system for TARGET or other measures to ensure the continuity of operations. In these circumstances, the backup arrangements will be employed on a best-efforts basis, and assets pledged to the Bank of Finland will also cover operations carried out through these arrangements.

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- 4) Penalty interest on credit referred to in points 1–3 above, administration charges and realisation-related costs, if any.

Commitment

The Pledger shall pledge the above-mentioned Pledge to the Bank of Finland as security for credit granted by the Bank of Finland as determined above, any initial margin, interest calculated on the credit, and any collection charges.

Perfection requirements

The Pledger undertakes to duly perform all perfection requirements related to the assets subject to the pledge to create a nationally valid and third-party binding pledge. As regards Pledges located abroad, the Pledger performs perfection requirements fulfilling the legal requirements of that foreign jurisdiction for a third-party binding pledge.

Pledger's undertakings

The Pledger undertakes to comply with the operative procedures for use of marketable assets as collateral, as defined in the 'Implementation of monetary policy operations and collateral management at the Bank of Finland' and any regulation and guidance applicable to it as a counterparty under the Bank of Finland Rules.

Realisation of the Pledge

If the Bank of Finland justifiably determines that the Pledger in any respect fails to fulfil the obligation for which the collateral has been pledged, the Bank of Finland shall have the right, without hearing the Pledger and without applying for a judgment or a decision, to immediately convert the Pledge into a monetary amount in an appropriate manner which protects the interests of the parties. The Bank of Finland shall have the right to obtain ownership of, instead of selling, the pledged securities and to set off their value against the matured debt. The Bank of Finland shall measure the securities thus obtained at their fair value at the time of obtaining ownership thereof.

If there is more than one Pledge, the Bank of Finland shall decide the order in which the Pledges shall be converted into monetary amounts and be used to fulfil the obligations.

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Pledged securities located in a foreign country shall be realised in accordance with the procedure applicable in the country concerned.

The Pledger undertakes to provide the Bank of Finland with all documents and information needed for realisation of the Pledge.

The Bank of Finland shall notify the Pledger of the conversion of the Pledge without delay.

Limitation of liability

The Bank of Finland shall not be liable for damages resulting from unreasonable difficulties in the operations of a party to this Agreement due to an incident of force majeure or similar cause. The Bank of Finland shall be obligated to notify the Pledger of an incident of force majeure as soon as possible.

Governing law, place of jurisdiction and relationship to a previous pledge agreement

This Agreement shall be governed by the laws of Finland.

Pledging of securities located abroad shall be governed by the provisions on establishment of a right of pledge and realisation of pledged securities of the concerned foreign law.

This Agreement supersedes any previous pledge agreements within its scope of application between the parties, and such previous pledges shall be governed by the terms and conditions of this Agreement.

Any disputes arising from this Agreement shall be settled at the Helsinki district court.

This Agreement has been drawn up in two identical copies, one for each party.

(signatures on the next page)



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Helsinki, [date]

BANK OF FINLAND

[Place], [date]

XXXX BANK

TEMPLATE