

**Secret**Act on Openness of  
Government Activities,  
section 24 (1) (20)**PLEDGE AGREEMENT ON CREDIT CLAIMS****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.<sup>1</sup> The eligibility  
criteria for collateral are defined in the Bank of Finland Rules on monetary policy  
operations and collateral valid at the time.<sup>2</sup> The realisation of pledged assets is  
subject to 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**

Such non-marketable credit claims, including their income and collateral, granted  
by the Pledger to its debtor that meet the eligibility requirements defined in the  
Bank of Finland's rules concerning monetary policy operations and collateral and  
that have been submitted by the counterparty as collateral to the collateral  
management system used by 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).

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<sup>1</sup> 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.

<sup>2</sup> 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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The Bank of Finland shall determine the value of the collateral in accordance with the Eurosystem risk management framework valid at the time.

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

According to the terms and conditions, credit claims to be pledged shall be governed by Finnish law.

**Debt amount and related obligations covered by the Pledge**

- 1) Intraday credit granted to the Pledger in the TARGET-Suomen Pankki component system, including any credit granted through a backup arrangement.<sup>3</sup>
- 2) Amount of credit extended to the Pledger through the marginal lending facility.
- 3) Any monetary amounts relating to monetary policy operations executed as collateralised loans or margin requirements in repurchase agreements.
- 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 before presenting a credit claim as collateral.

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<sup>3</sup> 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 conducted through these arrangements.

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section 24 (1) (20)**Pledger's undertakings**

The Pledger undertakes to comply with the operative procedures for use of credit claims 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's rules.

The Pledger is entitled to agree freely on changes concerning the credit claims and collateral or terms and conditions applicable to them, for example, to release a collateral. If the claim relationship between the Pledger and debtor changes so as to affect the eligibility or collateral value of the pledged assets, the Pledger shall notify the Bank of Finland immediately; in no case later than the following TARGET operating day. Such changes are, for instance, early, partial or full repayment of a credit claim, changes in the debtor's credit standards or material changes in credit claim conditions.

The Pledger shall collect payments of interest and principal on the pledged credit claim from the debtor during the waiting period of the pledge, unless otherwise specifically notified by the Bank of Finland.

**Administration of the pledge**

The Pledger undertakes to preserve any promissory notes for credit claims pledged to the benefit of the Bank of Finland, including attached collateral and other documentation, with due diligence, securely and separately so that assets pledged to the Bank of Finland are clearly separable from other assets held in custody by the monetary financial institution.

If the pledged credit claims have collateral, they will be transferred to the Bank of Finland. Collateral provided to the Pledger by its debtor or a third party for credit claims: (i) general collateral, (ii) special collateral provided as collateral for several loans or other liabilities of the Pledger's debtor, all of which have not or will not be pledged to the Bank of Finland, (iii) so-called pool collateral provided as collateral for one or more other financiers than the Pledger, (iv) collateral provided for the payment of syndicated loans, extended as collateral, in addition to the Pledger, other financiers belonging to the syndicate and (v) other collateral provided to the Pledger for the repayment of credit claims.

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In pool agreements and syndicated loans, the Pledger is under the obligation to keep custody of and manage the collateral under the abovementioned agreements only where the Pledger acts as the collateral agent in respect of the relevant collateral. If anyone else acts as the collateral agent, the custody and management obligations in respect of the collateral are determined on the basis of the pertinent pool agreement and the terms and conditions of the syndicated loans or related agreements. If the Bank of Finland is entitled, in accordance with the Pledge Agreement, to realise a credit claim which involves so-called pool collateral or collateral placed as security for the repayment of syndicated loans, the Bank of Finland shall be in a similar position as the Pledger would be based on the relevant agreements.

**Bank of Finland's right to take verification measures and disclose information to the Eurosystem**

In order to verify the existence of non-marketable credit claims pledged to the Bank of Finland and the accuracy of their details, the Bank of Finland shall have the right to undertake verifications on the Pledger's premises, or commission a third party to carry out such verifications.

The Bank of Finland shall have the right to disclose information on pledged credit claims to the European Central Bank and national central banks of the Eurosystem.

The Pledger undertakes to ensure that, under any circumstances, the Bank of Finland shall have an unrestricted right to disclose any information referred to above.

**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 notify the Pledger of the conversion of the pledge without delay.

The Bank of Finland shall have the right to obtain ownership of, instead of selling, the pledged credit claims and to set off their value against the matured debt. The Bank of Finland shall measure the credit claims thus obtained at their fair value at the time of obtaining ownership thereof.

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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.

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

**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.

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 pledge 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)*



**Secret**

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Helsinki, [date]

BANK OF FINLAND

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[Place], [date]

XXXX BANK

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