

**DRAFT**

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# Trading in funds – Appendix B



**Fondtorgsnämnden**  
Swedish Fund Selection Agency

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## Introduction

The Swedish Fund Selection Agency cooperates with the Swedish Pensions Agency as insurer of the premium pension in order to ensure trading in funds. As an insurer, the Swedish Pensions Agency is a fund shareholder in the premium pension. The Swedish Pensions Agency transfers premium pension funds for established pension rights and administers fund changes and trading etc in unit-linked insurance. The Swedish Pensions Agency is responsible for account and fund trading administration for pension savers and the Fund Manager.

The purpose of this Annex B is to regulate in more detail the obligations of the fund manager and the Swedish Pensions Agency as insurer under the fund agreement. The appendix specifically regulates trading in funds and specifies the obligations incumbent on fund managers and the Swedish Pensions Agency in this respect.

## 1. General

Every year, new pension rights are defined for the premium pension. The Swedish Pensions Agency Swedish Pensions Agency transfers assets for management in the funds that are covered by a fund agreement with the Swedish Pensions Agency and chosen by the pension saver or allocated to AP7. The Swedish Pensions Agency is joint owner of the fund units in the premium pension and is also responsible for the administration of the account and fund trading for the pension savers and the Fund Manager. The pension right will be paid to the individual pension saver based on the balance at any point in time in the pension saver's premium pension account.

## 2. Definitions

For the purposes of this Appendix:

**Business day:** the unit price day (NAV day) used for the current transaction.

**Reconciliation day:** the day on which the dividend is calculated.

**CET:** Central European Time.

**Delayed trading:** the fund is subject to “Delayed trading” if the Business day is the Trading day following the Order day.

**Delayed reporting:** the fund has “Delayed reporting” if the fund reports with a delay of one Trading day with respect to “Normal reporting”.

**Delayed trading:** the fund is subject to “delayed trading” if the Fund Manager, pursuant to applicable administrative provisions, does not conduct Trading in the fund in accordance with the schedules in the fund agreement.

**Settlement day:** the day on which payment for a Trading order should be received by the Fund Manager or the Swedish Pensions Agency.

**Normal trading:** the fund has “Normal trading” if the Business day is the same day as the Order day.

**Normal reporting:** the fund has “Normal reporting” if the fund reports unit price in accordance with s. 4.3 first paragraph and note in accordance with s. 4.5 first paragraph.

**Order day:** the Trading day on which the Swedish Pensions Agency submits a Trading order to the Fund Manager.

**Dividend day:** the day used for the dividend unit price at which the dividend is reinvested.

This Appendix also includes the definitions listed in s. 1 in the main document of the fund agreement and, moreover, the explanations of abbreviations, etc. as follows below in this Appendix.

### 3. Requirements for daily trading

The fund's official trading calendar shall allow for daily Trading in the fund, with exception for the non-trading days stated therein. Saturdays, Sundays and official holidays in the fund's country of registration are counted as non-trading days. As non-trading days may also count e.g. days that are holidays in the dominant markets in which the fund invests.

### 4. Trading in funds

#### 4.1. Trading orders to the Fund Manager

An order for the purchase of units should contain information on the amount at which the Fund Manager's sale shall take place. An order for the redemption of units must contain information on the number of units to be redeemed.

On an Order day, the Swedish Pensions Agency must be able to submit a Trading order by 10:00 CET and then be assigned the Order day date as the Business day (so-called Normal trading). However, the Swedish Pensions Agency will normally submit the order by 09:30 CET.

The Swedish Pensions Agency can allow the Business day for a fund to be the Trading day that follows the Order day (so-called Delayed trading). The Swedish Pensions Agency may provide acceptance of Delayed trading if it does not encroach on the interests of the savers and if Delayed trading is permitted in accordance with the rules of the fund or equivalent document.

The Swedish Pensions Agency may submit additional Orders to trade to the Fund Manager after 10:00 CET. In such cases, the fund's normal cut-off times for trading apply.

#### 4.2. Acceptance of Trading orders

The Fund Manager shall accept a Trading order by confirming its receipt by 12:00 CET on the Order day. If a Trading order cannot be accepted before that time due to the Swedish Pensions Agency submitting a Trading order after 10:00 CET, notification of this must be given in the manner specifically agreed on by the parties.

#### 4.3. Unit prices

The Fund Manager shall provide unit prices to the Swedish Pensions Agency on a daily basis between 14:30 CET and 21:00 CET on the same day, alternatively between 08:00 CET and 11:00 CET on the next Trading day (so-called Normal reporting). When shown by the system in which reporting shall take place, the Fund Manager shall make specific comments regarding the accuracy of major fluctuations, relative to the unit prices of the previous Trading day.

The Swedish Pensions Agency may allow the reporting times to be delayed by one Trading day compared with the times specified in the first paragraph (so-called Delayed reporting). The unit prices provided by the Fund Manager must be the prices the Fund Manager uses for unit holders in the trading or valuation of the fund. The unit prices must have no known errors and otherwise be the most accurate prices the Fund Manager can provide taking account of the circumstances.

#### 4.4. Fund closed

If unit prices can be established for the Trading day, but not within the time limit specified in s. 4.3, the Fund Manager shall instead report the fund within the specified time limit at delayed unit price. For such a fund, the unit price must be submitted by 11:00 CET on the Trading day after the time limit has expired.

If the Swedish Pensions Agency requests unit prices for a day for which the unit prices for the fund are not established, the Fund Manager shall report the fund as fund closed. The reporting must take place at the Fund Manager's earliest opportunity, but no later than 11:00 CET on the next Trading day.

#### 4.5. Confirmation of executed Trading orders (Contract note)

The Fund Manager shall confirm each executed Trading order (so-called Normal reporting). The Swedish Pensions Agency must receive the confirmation by 13:00 CET on the Trading day immediately after the Business day. The confirmation must be in the form of a settlement note and always contain information on amount, number of sold or redeemed units, the finalised unit price, transaction date and settlement day, as well as any further information requested by the Swedish Pensions Agency in each case.

The Swedish Pensions Agency may allow the confirmation to be delayed by one Trading day in accordance with the first paragraph (so-called Delayed reporting).

#### 4.6. Delayed trading

In the event of Delayed trading, the Fund Manager shall immediately notify this to the Swedish Pensions Agency. In the event of Delayed trading, the Trading must be carried out as soon as possible, unless otherwise agreed with the Swedish Pensions Agency.

In the event of Delayed trading, the Trading order must be executed at the unit price that would have been used if the Trading had been carried out on time, unless applicable administrative provisions prescribe otherwise.

#### 4.7. Change in unit price

If the Fund Manager subsequently finds that an incorrect unit price has been submitted, the Fund Manager shall immediately report this to the Swedish Pensions Agency. The Fund Manager shall indicate which unit price should apply instead. This also applies if Trading in the fund has not taken place on the Trading day for which the incorrect trading price has been submitted.

Notification of changed unit price must be signed by an authorised representative of the Fund Manager.

#### 4.8. Minimum trading unit

The Fund Manager is not entitled to demand a certain minimum amount as a condition for Trading. However, if the fund rules limit the opportunity for



trading below a certain amount, the Swedish Pensions Agency may approve the limit if it does not affect the authority's need for Trading in the fund.

#### 4.9. Reinvestment of dividend

Without special instructions from the Swedish Pensions Agency, the Fund Manager shall reinvest the cash dividend from a fund in new units in the same fund on Dividend day. The Fund Manager shall confirm that the reinvestment has been completed no later than the day after the Dividend day. The confirmation must contain the following information: Reconciliation day, Dividend day, number of dividend units, dividend amount, reinvestment price, holdings before dividend and dividend per unit.

When applying for refund of any withholding tax attributable to dividends, the Fund Manager must take the measures requested by the Swedish Pensions Agency.

#### 4.10. Spread

The Fund Manager must not use spread, that is, different unit prices when buying or selling the Swedish Pensions Agency's units.

## 5. Fund fees

### 5.1. Trading fees

No fees may be paid for buying or selling in the Swedish Pensions Agency's trading in the Fund Manager's funds.

## 6. Payments

### 6.1. Payment instructions and invoice address

The Fund Manager shall provide the Swedish Pensions Agency with clear and complete information regarding the payment instructions applicable for the fund as well as which institution is the depository or equivalent for the fund. The instructions must be signed by an authorised representative of the Fund Manager. In a corresponding way, the Swedish Pensions Agency shall provide information to the Fund Manager on the payment instructions that apply for the Swedish Pensions Agency.

## 6.2. Payment per Trading order

Each Trading order must be paid separately. The reference number for the order must be provided in such a way that it indicates which order the payment refers to.

## 6.3. Terms of payment

The Fund Manager must specify in its application which Settlement day it intends to apply. However, the Fund Manager must reach agreement with the Swedish Pensions Agency on which day the payment for a Trading order should be received by the Fund Manager or the Swedish Pensions Agency. The Settlement day may be postponed to the next possible day if payment cannot be made due to

- I. that trading in the fund's base currency is closed, or
- II. that the fund, in accordance with its fund rules, is entitled to delay payment.

The Fund Manager shall promptly notify the Swedish Pensions Agency about the delay and the reason for it.

## 6.4. Currency

The share class covered by a fund agreement and in which the Swedish Pensions Agency thereby can purchase units must be in the base currency of the fund. However, the Swedish Fund Selection Agency has the option to approve a share class different from that in the base currency of the fund.

## 6.5. Fees in connection with payments, etc.

Each of the Fund Manager and the Swedish Pensions Agency shall pay its fees and other costs in connection with payments made in accordance with the payment instructions for each party. The Fund Manager and the Swedish Pensions Agency respectively shall therefore, amongst other things, pay the fees and costs charged by the bank engaged for the respective payment service for transfer and receipt of liquid resources (shared payment). Fees and costs incurred must not affect the amount of the payment being made.

## 6.6. Incorrect payment

If payment is not made by the right date, in the correct currency, at the right amount and to the right account, or is incorrect in some other way, the parties must immediately make contact with each other and the correction made as soon as possible. The party that caused the error must reimburse the other party for the costs it incurred due to the error.

#### 6.7. Interest compensation

If a payment is made incorrectly in accordance with what is stated by s. 6.6, the payee shall be entitled to penalty interest on arrears in accordance with Section 6 of the Swedish Interest Act (1975:635).

## 7. Provision of information

### 7.1. Information on Trading days

The Fund Manager shall notify the Swedish Pensions Agency by 1 December each year of the days on which the Fund Manager is aware that the fund will be closed for trading during the next calendar year. If the Fund Manager becomes aware after 1 December about further occasions when the fund will be closed for trading then the Swedish Pensions Agency must be informed of this no later than five Trading days before the day in question.

In an equivalent way, the Swedish Pensions Agency shall inform the Fund Manager of the days on which the Swedish Pensions Agency shall not be conducting Trading activity.

### 7.2. Holdings report

The Fund Manager shall report to the Swedish Pensions Agency on the Swedish Pensions Agency's holdings of units in the fund based on the conditions at the close of that last Trading day in each calendar month. The report must be submitted no later than three (3) Trading days after the end of each month and contain information on the number of units owned by the Swedish Pensions Agency. The reporting must be made in the system specified and provided by the Swedish Pensions Agency.

The Fund Manager shall report the total assets of the fund under management. The reporting must include an aggregate of all of the fund's share classes. The reporting must take place at the frequent requested by the

Swedish Pensions Agency and in the system provided by the Swedish Pensions Agency.

The Fund Manager shall submit a specification of completed Trading orders received from the Swedish Pensions Agency in the fund in question as soon as possible following a request by the Swedish Pensions Agency.

### 7.3. Information on dividend

The Fund Manager shall notify the Swedish Pensions Agency that a dividend from a fund is due no later than the Reconciliation day for the dividend. The Fund Manager shall report the terms that apply for the dividend and any tax on such dividend no later than the first Trading day after the Dividend day. The reporting must be made in the system provided by the Swedish Pensions Agency.

### 7.4. Settlement note for merger of funds

For a merger of funds, a settlement note for the merger shall be submitted to the Swedish Pensions Agency no later than on the day after the merger has been completed. The settlement note must be in the form and contain the information as prescribed by the Swedish Pensions Agency. The deadline for receipt of the settlement note for the merger may be extended if this is approved by the Swedish Pensions Agency.

### 7.5. Incorrect information

If incorrect information about a trade has been submitted, the party detecting the error must immediately notify the other party.

## 8. Communication

### 8.1. Transfer of information

Information referred to in s. 4.1–4.6, 4.9 first paragraph, and s. 7.2–7.3 shall be sent electronically using the system provided by the Swedish Pensions Agency.

Other information referred to in this Appendix shall, unless otherwise notified by the Swedish Pensions Agency, be forwarded as soon as possible by email in the manner prescribed by the Swedish Pensions Agency at any point in time.

The Swedish Pensions Agency and the Fund Manager shall immediately inform each other if there are any obstacles to forwarding the information. If the information cannot be forwarded as prescribed, it must be instead submitted to the Swedish Pensions Agency via email in the first instance and via fax in the second instance or in another appropriate manner prescribed by the Swedish Pensions Agency or agreed between the parties.

## 8.2. Security

The Fund Manager undertakes to use the security solutions provided by the Swedish Pensions Agency with regard to communication in the manner prescribed by the Swedish Pensions Agency.

If the Swedish Pensions Agency provides special software for encryption, signing and access control, for example, of electronically forwarded information, the Fund Manager must take the measures required at its own expense for the software shall work at the Fund Manager so that secure transfer shall be possible. The Fund Manager must not copy or use the software provided by the Swedish Pensions Agency for any other purpose.

The Fund Manager must handle certificates and passwords received in a secure manner and must immediately notify the Swedish Pensions Agency in the event of suspected unauthorised access to certificates or passwords.

The Fund Manager is responsible for ensuring that those provided access to the abovementioned security solutions on behalf of the Fund Manager are informed of and observe the security regulations prescribed above.