

**DRAFT**

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# Instructions for the Fund Agreement – Information for Fund Managers

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## 1. Introduction

### 1.1. Instructions for the Fund Agreement

These instructions for the Fund Agreement (the “Instructions”) aim to provide information to Fund Managers regarding, among other things, the registration of funds in the premium pension system. The instructions also contain certain conditions and instructions, including instructions regarding the Swedish Pensions Agency's trading in the funds offered on the fund platform. The detailed terms and conditions are specified in the Fund Agreement in force at any time, to which these Instructions are included as an attachment. Information about the Swedish Pensions Agency's role in the premium pension system and its relationship with the Swedish Fund Selection Agency and Fund Managers can be found in the main document of the Fund Agreement.

The Instructions are available in Swedish and English. The Swedish version applies. The English translation is only provided as a reference.

Once a Fund Agreement has been entered into, the Fund Manager must meet the requirements with regard to approved price reporting (Sw. godkänd kursrapportering), and the fund information must be correctly registered in order for the fund to be eligible on the fund platform.

## 2. Administration and trade

### 2.1. Communication via Focus

A web-based communication system – Focus, is used for the day-to-day cooperation between the Swedish Pensions Agency and the Fund Manager. Communication via Focus is a requirement made by the Swedish Pensions Agency.

Focus does not require any specific software. The only requirement is a functioning Internet connection, user ID and security tokens (SecurID).

Focus consists of two parts, with separate logins:

- Focus Fund Trade
- Focus Fundinfo

#### 2.1.1. Focus Fund Trade

Focus Fund Trade is used for the transfer of trading orders, reporting of contract notes, daily NAV prices, monthly reporting of holdings, and general information on fund trading.

#### 2.1.2. Focus Fundinfo

Focus Fundinfo is used for the Fund Manager's reporting of fund information, sustainability information, historical NAV prices, and fund fees. In Focus Fundinfo, the Fund Manager can also monitor how the fund is presented in the Swedish Pensions Agency's system and can correct fund information if necessary.

#### 2.1.3. User manual Focus

The user manual is available in Focus and can also be sent on request.

### 2.2. Login to Focus

Logging in to the two parts of Focus requires separate security tokens (SecurID) with separate user IDs.

Each SecurID token has secret encryption keys to certify that the codes created are unique to each individual login. The codes are shown in a display and automatically updated every 60 seconds.

#### 2.2.1. Ordering security tokens

In order to acquire security tokens, the Fund Manager must order tokens using special forms.

For Focus Fund Trade, the Swedish Pensions Agency provides each Fund Manager with two security tokens free of charge. Fund managers can obtain more tokens by placing an order. For additional tokens, Fund Managers are charged SEK 1,000 per token to be paid within 30 days.

For Focus Fundinfo, the Swedish Pensions Agency provides each Fund Manager with one security token free of charge. Fund Managers can obtain additional tokens by placing an order. For the additional token, Fund Managers are charged SEK 1,000 to be paid within 30 days.

It is also possible for Fund Managers to have several tokens for reporting fund information if Fund Managers hire different rapporteurs/companies for this purpose.

The Fund Manager shall appoint a person responsible for the tokens on the order forms. The person responsible will receive the tokens and also be the Swedish Pensions Agency's contact person in all matters relating to the tokens (e.g. unlocking and changing the PIN) and the reporting of fund information.

Together with the security token, the Swedish Pensions Agency provides user instructions. The Fund Manager is responsible for storing tokens and codes in accordance with the user instructions for the security token.

For assistance or any questions regarding the security tokens, please contact the fund administrators via: [fundadmin@pensionsmyndigheten.se](mailto:fundadmin@pensionsmyndigheten.se).

### 2.3. Approved price reporting and complete registered fund information

Once a login to Focus Fund Trade has been obtained, NAV prices can be reported for the fund in question. The Swedish Pensions Agency ensures that price reporting works before the fund is made available for trading in the system.

In addition, the fund information requested for the fund shall be registered in Focus Fundinfo. The information is used, among other things, to inform pension savers about the fund via the Swedish Pensions Agency's website, in separate fund fact sheets, and in the Swedish Pensions Agency's fund catalogue. Instructions on how to register the information in Focus can be found in the User manual Focus, which can be downloaded via Focus or obtained from the Swedish Pensions Agency. The fund will not be available for trading in the system until the information is complete. Thereafter, it is important that the information is updated regularly.

## 3. Administrative requirements (fund trading)

Appendix B of the Fund Agreement (Trading in funds) details a number of administrative requirements on the Fund Manager.

### 3.1. Daily administrative routines

Each day, the Fund Manager's administration shall perform the following in the trading system of the Swedish Pensions Agency, Focus Fund Trade:

Time (CET)



## Activity

9:30 – 12:00 Day 1

Confirm orders – Log in to Focus Fund Trade, retrieve and confirm fund orders.

14:30 – 21:00 Day 1 or 08:00 – 11:00 Day 2

Daily price reporting – Log in to Focus Fund Trade and report NAV prices for Day 1.

14:30 – 21:00 Day 1 or 08:00 – 13:00 Day 2

Submit contract note on executed orders 1)

1) The time can be postponed to the next day if the fund has extended trading and/or delayed reporting (read more about this in the trading section below).

### 3.2. Monthly reporting

The Fund Manager shall report the holdings of the Swedish Pensions Agency in Focus Fund Trade no later than by the third trading day after the end of each month.

## 4. Trading in the funds

The Swedish Pensions Agency's trading is based on the fund choices made by pension savers, placement of entitlements, rebates paid, inheritance gains, fees, and pension payments. This means that the size of the transactions can fluctuate considerably from day to day. To avoid orders that are too small, the Swedish Pensions Agency keeps a trading stock in each fund.

### 4.1.1. The Swedish Pensions Agency's trading cycle

The following is a brief description of the Swedish Pensions Agency's normal trading cycle. All times stated below refer to Swedish time (CET).

#### Day 0

A fund change can be requested by a pension saver up until midnight (Monday–Thursday and Sunday).

## Day 1

The Swedish Pensions Agency compiles buy and sell orders in the various funds.

At 09:30, the Swedish Pensions Agency sends a net order per fund to Fund Managers via the fund administration system Focus Fund Trade. Between 09:30 and 12:00 noon, Fund Managers can log in to Focus Fund Trade and retrieve/confirm the orders of the day.

The Fund Manager sets the fund unit prices for Day 1 and executes the Swedish Pensions Agency's order at these prices. However, if the fund is registered with "delayed trading", the Swedish Pensions Agency's trading is executed at the fund unit price for Day 2. The Swedish Pensions Agency refers to the day for which the price is used for trading as Trading Day.

The Fund Manager reports the fund unit prices of the day to the Swedish Pensions Agency via Focus Fund Trade. This reporting takes place between 14:30 and 21:00.

## Day 2

Fund Managers that did not report the fund unit price during the afternoon of Day 1 report the price on the morning of Day 2 between 08:00 and 11:00. Fund Managers unable to calculate their fund unit price by 11:00 may register the fund with "delayed reporting". The price reporting/contract note will then be pushed to the next day in Focus Fund Trade.

The Fund Manager reports the contract note via Focus Fund Trade between 08:00 and 13:00 for the previous day's transactions.

### 4.2. Delayed trading

According to Appendix B of the Fund Agreement (Trading in funds), an order issued by the Swedish Pensions Agency before 09:30 on the order day shall be executed at that day's NAV price. This day is called the Trading Day. For a fund whose cut-off times make this impossible, the Swedish Pensions Agency may allow the fund's Trading Day to be the trading day following the order day. This means that the fund has so-called delayed trading.



#### 4.3. Delayed reporting

According to Appendix B of the Fund Agreement (Trading in funds), an order shall be confirmed no later than by 13:00 on the day after the Trading Day. However, the Swedish Pensions Agency may allow confirmation by 13:00 two days after the Trading Day. This means that the fund has so-called delayed reporting.

#### 4.4. The Swedish Pensions Agency's trading stock and internal trading

The Swedish Pensions Agency maintains a trading stock to facilitate the administration of trading in funds and to minimise transaction costs related to payments.

Occasionally, pension savers' fund choices are only adjusted through internal trading, meaning against the Swedish Pensions Agency's trading stock.

#### 4.5. Daily reporting of NAV

It is of the utmost importance that the Swedish Pensions Agency receives accurate unit prices from the Fund Manager each day, even on days when the Swedish Pensions Agency does not send any orders. Internal trading at the Swedish Pensions Agency may occur without any external trading with the Fund Manager. The unit prices are also used to calculate future orders and for fund information to pension savers. If the Fund Manager adjusts its NAV price retroactively, the Swedish Pensions Agency must be contacted immediately.

#### 4.6. Orders via Fax

On special occasions, orders may be sent by fax to the Fund Manager. This is always done in communication with the Fund Manager. A faxed order from the Swedish Pensions Agency is signed by authorised signatories according to the signature list for fund trading.

### 5. Payments to the Swedish Pensions Agency

All information necessary for making payments to the Swedish Pensions Agency can be found in the separate payment instruction, Payment Instruction for the Swedish Pensions Agency.

Payments to the Swedish Pensions Agency must include the Swedish Pensions Agency's order number/s and shall be made by deposit. For payments in a foreign currency, the SWIFT/BIC address for the Swedish Pensions Agency's bank, Danske Bank (SWIFT/BIC DABASESX), must be stated, along with the account number for each respective foreign currency account and the Agency's order number.

Please note that the Fund Manager and the Swedish Pensions Agency respectively shall cover their own fees and costs associated with payments. When payments are made in a foreign currency, the code SHARE shall be stated. The Swedish Pensions Agency can only guarantee that the Agency's bank pays out the entire remittance. If the receiving bank or transfer banks deduct fees from the payment, the Fund Manager must cover these fees or send a different payment instruction.

If there are any questions regarding payments, please contact our finance administrators at [finansadmin@pensionsmyndigheten.se](mailto:finansadmin@pensionsmyndigheten.se).

## 6. Fund information etc.

### 6.1. Reporting fund information in Focus

Fund information refers to, for example, sustainability information, fund assets, turnover rate, portfolio allocation, the ten largest holdings, and various texts describing the fund. The information the Swedish Pensions Agency needs in order to compile the fund catalogue and the fund fact sheets is detailed in Sections 12 and 13 and in the User manual Focus. The information is updated continuously and on a quarterly and annual basis by the 20th of the month after the end of the previous quarter and previous year, respectively. Details on the information that shall be provided at each point in time can be found in the User manual Focus.

Upon registration of the fund with the Swedish Pensions Agency, the Fund Manager shall provide historical dividend-adjusted NAV prices. If these are in SEK, Focus Fundinfo shall be used. If the NAV prices are in a different currency, they shall instead be e-mailed to the Swedish Pensions Agency. The NAV reporting shall cover the last 10 years, or as long as the fund has existed, if shorter. The historical values are used to calculate return and the measure of risk.

## 6.2. Reporting levies

[In Focus Fundinfo, the Fund Manager shall report all fees withdrawn from a fund. Reporting with respect to the previous calendar year shall be done by 28 February. For funds with performance-based management fees and funds of funds, the Fund Manager shall report the costs on a quarterly basis no later than on the 20th in the month following the end of the previous quarter. However, some changes are being made in 2021, see Section 13.

The information reported to the Swedish Pensions Agency is used for three distinct purposes:

1. The Swedish Pensions Agency's fund information, made available in the fund catalogue, fund fact sheets, and on the Agency's website.
2. The Swedish Pensions Agency's calculation of the price reduction that the Fund Manager shall pay to the agency.
3. Reporting to each individual pension saver how much the administration has cost the pension saver in SEK for each fund they have had capital invested in during the previous year.]

## 6.3. Information on changes etc.

A Fund Manager shall, according to the terms and conditions of the Fund Agreement, notify the Swedish Fund Selection Agency of important changes, for example with respect to the fund offered on the fund platform or the Fund Manager's organisation and activities. The reason for this is, among other things, that the change may mean that the Swedish Fund Selection Agency needs to take measures, for example, the review and approval of a change in relation to the Fund Agreement's terms and conditions, inform pension savers, or change information in the respective Agency's systems. Therefore, it is important that the Fund Manager notifies the Swedish Fund Selection Agency of future changes as soon as possible and well before the change is implemented. A detailed timetable as to when the Swedish Fund Selection Agency shall be notified of a change is set out in the Fund Agreement.

Changes that only concern trade-related information can be submitted directly to the Swedish Pensions Agency. Changes are notified using the form "Ändringsanmälan" (Notification of Change), available on the Swedish Pensions Agency's website. The form shall be signed by the Fund Manager's authorised signatory and sent to [fundadmin@pensionsmyndigheten.se](mailto:fundadmin@pensionsmyndigheten.se), along with an authorisation document for the signatory. The authorisation document should not be more than three months old.

Below are examples of changes/fund events that may relate specifically to the Swedish Pensions Agency's trading and systems.

#### 6.3.1. Administrative changes

Administrative changes related to funds or Fund Managers may mean that the Swedish Pensions Agency must, for example, change or adjust the information in their systems. In order for cooperation between the Swedish Pensions Agency and the Fund Manager to work, it is important that the Fund Manager notifies the Swedish Pensions Agency of planned administrative changes in good time.

The Fund Manager shall notify the Swedish Pensions Agency, for example, of changes about to take place that relate to:

- Procedures or cut-off times for trading in fund units or calculating fund unit prices
- Price reporting procedures
- The trading cycle
- Payment procedures/account information
- Administration company and transfer agent
- Contact information of person for trading.

## 7. Fund information to be reported in Focus Fundinfo

The Fund Manager shall initially register and continuously update Focus Fundinfo with such information about the fund as requested by the Swedish Fund Selection Agency or the Swedish Pensions Agency and as is set out in the User manual Focus.

The frequency of updates varies depending on what the information refers to. Certain information shall be updated on a quarterly and annual basis, respectively, according to the user manual. In addition, the Fund Manager shall ensure that all information is up to date and the information in Focus shall be updated as soon as possible following any changes.

The Fund Manager undertakes to comply with the requirements imposed at any time on the texts in the system. Among other things, all texts shall be in Swedish and technical language shall be avoided. The texts shall be objective, informative, and apply to the fund in question. Texts such as "Fund of the year", "Managed by the best Fund Manager", or "Best performance" are not permitted.

## 8. Fee information to be reported in Focus Fundinfo

Information about fund fees is provided by the Fund Manager in Focus Fundinfo. The quarterly invoicing of the amount of the price difference between actual fee and procured price is based on the report. After each year-end, the Swedish Pensions Agency also requests an annual report for review and possible corrections.

### 8.1. Initial fee information

When a fund is established on the fund platform, the Swedish Pensions Agency reports the fee stated on the administrative application form.

### 8.2. Quarterly fee information for invoicing

Fund managers shall, no later than on the 20th of the month after the end of the quarter, report the following for each fund:

The fund's TK for the last quarter (% annual rate)

TK = the total of

- The fund's annual fee (ongoing charges) for the principal fund
- Capital-weighted fees for underlying funds
- Performance-based fee

#### 8.2.1. Fee for underlying funds

Fund managers shall report all fees for underlying funds regardless of the size of the investment.

If the fund does not have any underlying fund holdings, this part of TK is 0%.

Example of how the fee is calculated for underlying funds:

If fund A invests 10% of its fund assets in fund B and 5% of its fund assets in fund C and fund B has a 1.5% fee and fund C has a 2% fee, the underlying funds' contribution to TK is

$$10\% * 1.5\% + 5\% * 2.0\% = 0.15\% + 0.1\% = 0.25\%$$

#### 8.2.2. Performance-based fee

If the Fund Manager calculates and charges a performance-based fee on a monthly or quarterly basis, but then makes an adjustment on an annual basis, the invoicing must be redone after year-end. This is reported in the annual report.

If the fund does not have a performance-based fee, this part of TK is 0%.

#### 8.2.3. Reporting deadline

Final dates for quarterly reporting of fees are 20 January, 20 April, 20 July, and 20 October.

### 8.3. Annual fee information for review

Fund managers shall, no later than on 20 February, for each fund report the average fund fee of the previous year. This fee reporting is used to check the invoicing of the previous year.

#### 8.3.1. Transaction costs

In connection with reporting the annual fee, the Fund Manager shall also report the fund's direct transaction costs, meaning actual paid broker's commission.

#### 8.3.2. Changed fee

Should the fees change during the year or at year-end so that the basis of calculation and the information basis become misleading, the Fund Manager shall report this in Focus.