https://sebgroup.com/siteassets/large_corporates_and_institutions/prospectuses_and_downloads/country_analysis

Italy

SEB MERCHANT BANKING – COUNTRY RISK ANALYSIS 10/30/18

Analyst: Rolf Danielsen. Tel : +46 8 763 83 92. E-mail : rolf.danielsen@seb.se

By most economic metrics Italy is in reasonably good shape: including a current account surplus, a budget deficit within reason and steady although very moderate economic growth. But more often than not in country risk the average is not key, but rather what sticks out. And there high government debt at 130%/GDP is increasingly attracting market focus as the new government is launching populist fiscal policies.

Summary and conclusions

Weakening momentum: Following last year's higher than expected performance -- growth reached 1.6% the highest since 2010 -- momentum is now weakening reflecting incipient global headwinds and rising uncertainties. Full year growth has been adjusted down to 1%. As a result price pressure is likely to remain tepid despite a tightening labour market with unemployment falling below 10% last August. The current account surplus, by contrast, has continued at a healthy 2.6%/GDP despite troubles for the country's industrial exporters.

Budget turmoil: The government budget process has been subject to an unusual number of twist and turn this year as the populist government in office since landslide elections of last March, has overturned a previous much more conservative budget agreement with the EU. As of now it appears to raise the deficit to 2,4%/GDP in 2019, up 1,4pp. That will in the best of circumstances slow any reduction of Italy's large government debt of around 130%/GDP, thus scaring markets and causing a sharp rise in market rates in recent months undermining the government's financial position further.

Politics complicates the situation: It might have been believed that the erstwhile staunchly: euro-fil Italian electorate would have turned its back on the government's growing tensions with Brussels but the standoff appears to rather having fuelled popular euro scepticism and raised the government's approval ratings.. For the time being speculations are growing that at the end of the day the Commission will back away from any confrontation lest it brings fuel to the fire before crucial all-European parliamentary elections next March.

Toxic environment: The situation might have been less tense had not the cat and mouse game between Rome and Brussels .come at a calmer time.. But with an unpredictable White House, a looming trade war US-China and possibly also US-EU, the announced step down after electoral losses for the German Chancellor – the longstanding pillar of defence for European unity , uncertainties are piling up and reigniting old investor concerns. Italian treasury rates have already reached 3.5%pa which in real terms is only 1,5pp below the critical level reached during the first euro-crisis in 2012 which prompted Mario Draghi's. famous "Whatever it takes!" statement.

Ratings: Last week Moody's downgraded the sovereign to Baa3. Given the interrelations between the sovereign and private sector. Country risk inturn is not immune to such developments.. .

SEB

important your attention is drawn to the statement on the back cover of this report which affects your rights.

Recent economic developments

Weakening momentum: Following last year's higher than expected performance -- growth reached 1.6% the highest since 2010 and slightly above our own estimate of 1.4% a year ago on these pages, momentum is now clearly weakening. After a relatively disappointing result of only 0.3pp (percentage points) quarterly growth in the first three months of the year, deceleration has since continued with 0.2% growth qoq (quarter on quarter) in the April-June period with even less expected for the third quarter. As a result, the full year tally is unlikely to tick in above a one percent reading. That is much due to trailing exports responding to weaker global tail winds including the simmering trade war US-China but also softer consumer demand as reflected in stagnant auto sales after last year's boom in new car registrations. The PMI (Purchasing Managers Index) for September ended down barely in positive territory at a score of 50,1.

Softer household spending: The latter may look somewhat puzzling. Over several years Italian households have tightened their belts and done a decent job in working down debt. The pent-up demand they released in 2017 should not have gone its full course yet. Lower unemployment and higher wages should also have exited shoppers. However, it is possible that new political uncertainties are starting to play a role and denting consumer sentiment.

Investment demand still buoyant: Investment demand, by contrast is still going strong and is expected to rise by 3.8% for the full year, only a smidgen lower than last year. Also that may appear puzzling. Capacity utilization in industry is still low and the future doesn't look too strong. However, industry leaders complain about old equipment becoming obsolete and replacements are needed to maintain competitiveness.

Stronger labour market. Recent years' ongoing improvement to the labor market has now brought unemployment down to 10%, from a peak of more than 13% a few years ago. The latest improvement to 9.8% in August was more due to a reduction in the labor force than higher hiring. Also youth unemployment is still elevated, however, with only one in three youngsters in full job among the 20-25years age group. As before, total labour market participation remains at a low 65% despite a pick-up in wage growth to 2% in the current year. That has still not had an impact on price pressure, which is up only 0.2pp to 1.4% for the current year. Moreover, that increase mainly reflects global commodity prices including energy, rather than domestic forces.

The current account surplus remains solid: The current account surplus of the external payment balance remained stable in the January to August period of the current year as services made up for the slack in the trade balance. As a result the current account ended the first eight months of 2018 almost exactly the same as in the same period as in 2017, at €28bn, but shrank a bit relative to a growing GDP. For the rest of the year, by contrast, the balance is likely to be hit both by a growing deficit at the income balance caused by higher interest rates on debt held by foreigners. The end result for the full year will be a surplus at around 2.6%/GDP, continuing Italy's unbroken record of current account surpluses since 2012 in stark contrast to the deficits in the decade up to that point in time.

Capital account in deep deficit: In sharp contrast to the situation above the line, i.e. the current account balance, the capital account of Italy continues to develop a deeper and deeper deficit, which much outweighs the current account surplus leaving the total balance of payment in red. Although the

> **Box 1: The TARGET2 balance**. The increase of the Target2 balance for Italy, €6bn, is almost totally explained by the following equation:
>
> Change (negative) in Target2 (€6bn) =
> domestic investments in foreign portfolio securities (€7bn)
> +foreign withdrawal of investments in domestic securities ($43bn)
> +Net foreign direct investments outflow (-€bn)
> -Current account surplus (€8bn)
> with numbers in brackets referring to the January-August period.
>
> Had Italy not been within the euro, its central bank would have had to make up for the rise in its TARGET2 balance with sales of foreign currency reserves, unless it was willing to see its currency weaken significantly. This shows how the euro has masked the underlying problems regarding competitiveness and overall confidence in Italy.

account of foreign direct investments in and out of Italy has been in balance, so far this year residents have poured money into foreign portfolio securities to the tune of €7bn. up to last August while foreign investors in return reduced their holdings of similar Italian securities by €3bn disposing of treasuries and bank bonds. That masked some sharp shifts in the direction of trade. Until April, foreign investors went on a buying spree acquiring €2bn public sector securities, before turning around in May and June selling back a total of €8bn. Together, all these and other transaction increased the need for *Banca d'Italia* to dig deeper into its open-ended account on the TARGTE2 system among euro central banks. This raised its accumulated "overdraft" position to a total of €89bn by the end of last September from €13bn by last year end [1] (Conf. Box 1).

Policies

Fiscal contraction in 2018: The current year's first budget presentation which took place about a year ago by the government at the time led by the *Partito Democratico* had a borrowing requirement of 1.8%/GDP, down from 2.4% in 2017. So far into the year, that seems to hold as higher revenues are offsetting higher than expected expenditures to account for rising costs for servicing the government's debt – mainly the sharp rise interest rates since the middle of the year. The structural deficit, by contrast, the new yardstick of the Europen Commission in Brussels, is rather estimated to rise by 0.6pp in 2018 from an estimated 0.8%/GDP under the budget first agreed with the Commission.

Fisal stimulus under new government: In last June, the new coalition government following lands slide elections in March presented its new fiscal policies. They represent a clear brake with previous governments' austerity budgets to make up for the winning parties' generous campaign promises. They include

1. a minimum income guarantee so far set at €80/month for unemployed with an estimated cost to the government of €bn.
2. Early retirement scheme costing up to €bn
3. introduction of a flat tax costing about $1.6bn a year until 2021
4. Revamping of public investments for about €bn a year up to 2021.
5. In addition sterilization of the VAT hike planned by the previous government costing an estimated €2bn.

All together this could increase the budget deficit by almost 2%/GDP, a significant fiscal impulse compared with previous medium term fiscal projections which rather presented about one percent of GDP fiscal

[1] The increase is well explained by *Banca d'Italia* in its most recent "Economic Bulletin, 4/2018" .

contraction. Such a stimulus could also have a significant impact on the economy, estimated to almost 1% by the new government although that number has been criticized by many observers as overly optimistic. Such a hike will hit the government's debt ratio and thereby sentiment among other economic agents with effects on investment demand and by that GDP in coming years. The new government's budget for 2019 is now presented with a 2.4%/GDP deficit, but many economist suspect the final number to end closer to 3%/GDP.

The spat with Brussels: None of this would necessarily be of dramatic consequences had it not been for the new government's defiant tone against the Commission. For one thing, the budget deficit would at least still have been within the old Maastricht criteria. But the Commission had expected the new government to comply with the medium term budget plans agreed by the old government with Brussels at the end of last year. However, the new government inherited an enormous debt estimated at 133%/GDP by the end of 2017 – more than twice as large as allowed by Maastrich. This could only be granted forbearance subject to a verifiable reduction plan. As the new government has failed to present such a plan, the Commission has sent the 2019-budget back to Rome with the comment to make it compliant under both old and new EU budget rules, the new ones focusing also on the structural deficit.

An ongoing process: This is still an ongoing process and the various budget presentations are not quite clear and comparable in how they differ as regards growth assumptions and other metrics. What is clear is that the previously estimated fiscal space at 1%/GDP will now be used up in full leaving the government with so much less gun-powder to fight the next economic downturn. Markets seem to have taken notice and concluded this is a luxury Italy cannot afford against the backdrop of its large government debt. As a consequence Italy's interest rates have increased sharply since last summer. That said, though, the new government does not seem to have lost any popularity with its voters but rather gained in approval as the spat has escalated.

No immediate financing crisis: For the current year, markets do not expect any immediate problem in financing the government deficit. For coming years, by contrast, growing budget deficits would present challenges. With high refinancing needs at the outset -- €354bn in 2017 and about €320bn for this year and the next, 20%/GDP -- the challenge to raise those kind of money could be mounting. When the ECB boss, Mario Draghi, pronounced his "Whatever it takes"[to save the euro] market rates on Italian debt had reached around 7%pa. regarded as more than the government could afford. That was at a time when Italian inflation stood at 3% a year. Today the same is around 1% a year and the equivalent stress level for market rates could be around 5%pa. That is only some 1pp above the present level following the recent rise in market rates since the Summer. Should that go up by one percentage point more, one may wonder if Mr. Draghi would have to repeat his "Whatever it takes".

Government debt is large, but how large? The government debt ended last year at 133%/GDP, the highest level ever in Italy's sovereign history. That was supposed to come down to 124%/GDP in the early 2020s under the previous government's budget. The new budget presentation by contrast projects less ambitious debt reduction reaching 128%/GDP but under assumptions proven unable to convince neither markets nor the Commission. On the contrary most observers see little reason to believe in much debt reduction at all -- the stated reason for a recent sovereign downgrade to just

one notch above junk status by Moody's, one of the major global rating agencies. In another presentation, the Bank for International Settlements (BIS) has calculated government debt at some 155%/GDP of last March at prevailing market prices. However, it is not clear that this includes all government debt. Mr. Mario Draghi explained two years ago in a letter to the Italian Parliament that also Italy's negative TARGET2 balance now worth about 30%/GDP represents a contingent liability and a potential debt for redemption in case Italy should leave the single currency. A debt level at some 160% -- including TARGET2 -- almost beats that of Greece and is much higher than when the latter defaulted in 2011.

Monetary and exchange rate policies: Such are all determined by the ECB within the euro-zone. Italy's only leeway is the €20bn government fund for possible bank rescues which, however, it cannot employ freely without the approval from the ECB.

Structural reforms: We have commented on these pages in the past about the need for structural reforms to address several issues that for decades have prevented Italy to improve competitiveness and raise the rate of productivity growth to justify higher wages and relatively generous pensions. To repeat some of the major issues:

- weaker education system than peers
- high taxes: OECD notes that Italy has the 3rd highest tax wedge on labor in the EU (after Belgium and Germany which, however are nevertheless doing quite well)
- Relative inefficient public sector although with high institutional strength including checks and balances supported by EU standards
- Generous pensions: incomes for those aged 65 and older almost at the same level as for the total population in contrast to the OECD where it is on average 12% lower. Effective labor market exit age is 3 years below the OECD average. All of the above contributes to make Italy's share of pension outlays/GDP twice the OECD average.

On one account, however, Italy has made a significant progress by introducing new bankruptcy legislation that should help shorten effective court procedures by several years .

Banking sector

The banking system is improving: Since its peak in late 2016 at 21% of total loans, the non-performing loans ratio (NPL) has declined to about 10%[2] as a result of write-offs, securitization and outright sales in part supported by government guarantees. New NPLs are also now trickling in at a lower rate of only 1.7% a year. Following the so far successful rescue of *Banca Monte di Pasci di Siena*, at the time Italy's the third largest bank, large financial institutions are now most likely out of the woods. Problems remain, however, in the segment of smaller regional banks for which the government has established a precautionary rescue fund of €20bn.

....but not yet out of the woods: In a less advantageous situation than the one of the recent past banks could face new challenges. So far all banks have benefitted from inexpensive financing from ECB in the form of TILTRO loans an offer Italy has taken advantage of to the tune of €250bn, by far the largest of any euro country and a third of total outstanding TILTROs. When they start to fall due in 2020 Italian banks can be forced to refinance at clearly higher market terms. The banks also hold two times more treasuries than

[2]Including both *soffrenze* (the worst category of NPLs) and ”Unlikely to be repaid” loans.

their level of common capital – CET1. A sovereign crisis could not just eat large chunks out of banks capital but at the same time be combined with sharp worsening of their market access when they begin to lose subsidized ECB funding. Spill-over effects would also abound as most banks are owned either by pension funds or retail investors. Nevertheless, many Italian banks are now drawing a sigh of relief and have gradually restarted credit expansion.

Political developments

Populist behind the wheel: Following a landslide victory for the two populist parties that campaigned in general elections of last March together winning almost half of cast votes, a coalition government was finally established last June. Since then, the overall support according to opinion polls have increased by 20% to around 60% of the electorate, but more for the Northern League *(Lega Nord*) than the M5S party. These two parties have very different origins: The *Lega Nord* is a traditional right-wing party with an anti-emigration agenda and advocates improved business environment with support mainly from Northern Italy. The M5S an upstart left-wing party with an underlying anti-EU agenda draws much support from younger generations and low income families of the South. A collapse of the coalition has been expected since its formation, but is now likely to hold at least beyond EU elections next year when the *Lega Nord* together with France's *Front National* hopes to break up the conservative party group in the EU Parliament.

It is anybody's guess how the coalition government will react to a ultimatum from Brussels in coming weeks over the Italian budget, but speculations are that the Commission will play it very softly for the time being. That is not to enrage voters in Italy and in the new EU members of Central and Eastern Europe or in other peripheral countries which may still harbor reform fatigue and anti-elite sentiments against Europe's political center.

Outlook

For the next couple of years, Italy should continue at its present path, with a reasonable budget deficit below 3%/GDP, price pressure well under control even too low at less than 1% a year and a robust current account surplus, While growth is somewhat too low for comfort, it may not be alarming if it is politically and socially acceptable.. High household wealth estimated at €9tr. makes the average Italian much richer than his/her French or German counterpart – important as a buffer against falling consumption demand should a recession occur. In short, Italy has not necessarilly any of the normal characteristics of a country doomed for immediate crisis and recession.

But country risk is more often than not not an issue of averages but rather anything that sticks out. And in the case of Italy there are indeed a few things sticking out.

- A very high government debt ratio of at least 130%/GDP, although still lower than that of Japan -- a country that so far has been muddling along quite well.
- A potential doom-lop centered around the government –banks-owners (largely retail investors) nexus all depending on each other, and where the weakest link – in this case the government – could take down the others should it break.
- A history of often unpredictable political developments including this year’s rise of populist forces.

- Interdependence with other major economies – in particular France and Germany – through mutual cross ownerships and assets/debt. French banks' exposure to Italy is about 11%/GDP and much higher than the equivalent to Greece in 2009 ($390 versus $75bn). Italy also owes the other Eurozone countries, and among those above all Germany, almost half a trillion euros through the TARGET2 mechanism originally designed as a daily interbank settlement arrangement. As long as the euro-zone remains intact the TARGET2 imbalances can in principle continue forever. They are charged at the ECB repo rate, currently 0% pa. But one may ask who will be hurt the most if Italy should break out of the euro?

All the above, however, is nothing new, except for a young Italian government with populistic campaign promises and suspected of anti-EU sentiments – the latter now apparently spreading among the general population as well, previously regarded as staunch "Euro-files". What is new is the environment in which this is taking place. That includes

- an unpredictable US administration,
- a looming trade war, not only US-China but also US-EU,
- an economic boom-cycle about to turn,
- financial troubles possibly coming to a head in the world's second largest economy, i.e. China, if not elsewhere.
- the potential for a weakened German leadership as Ms. Merkel, the Chancellor is set to step down having suffered several election losses,
- populism far from beaten in other EU countries, including France and Germany while new members in central and Eastern Europe are showing growing misgiving about the path they have chosen.
- the growing sense that most countries are unprepared for any new economic shock having already used all levers to fight the last one. .

While under normal circumstances Italy might have been allowed to carry on breaking some EU regulations – thus "granted forbearance" -- this time may be different.

Ratings

Last year saw positive rating actions from the world's leading statistical rating agencies. That has turned around in recent months with Moody's notching down the Italian sovereign to just above junk grade, Baa3, while the rating decision of Standard and Poors is still in the balance. Moody's underpinned its action pointing to the higher budget deficit than previously agreed with Brussels as that would significantly slow any debt reduction. It explained "Even if the debt ratio stabilizes at 130%/GDP that is not good enough for Moody's which needs to see it come down for continued Baa2.". As regards country risk we note that in this case the sovereign and the country is to an extent inter-related that it is hard analytically to separate the two issues. Some premium Italian firms may, however, deserve a better rating in particular if they are predominantly export oriented. . .

Key ratios	**2018**
Population (millions)	**61**
GDP/capita ($)	34628
GDP (change)	1,2%
Inflation	1,3%
Curr.acc. balance/GDP	2,5%
Reserves/imports (months)	0,0
Budget balance/GDP	-1,8%
Government debt/GDP	132%

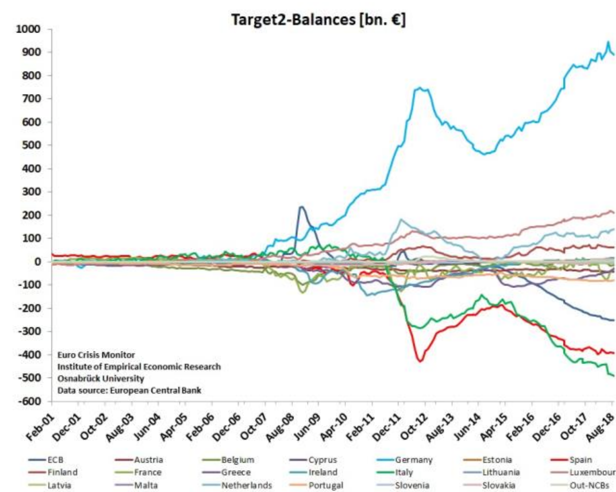
Present ratings:
Fitch: BBB/neg
S&P: BBB
Moody's: Baa3

Peers:
Indonesia
Portugal
Spain

Graph: Italy's country risk profile almost matches that of Portugal, but we see a somewhat higher event risk for the former. For both countries the scoring on liquidity represents membership of a large currency union somewhat offset by the risk of exit.

APPENDIX

TARGET2 system revisited: We wrote extensively about the TARGET2 system on these pages about a year ago. We restate that the important thing is how the proceeds from sales of government securities to the ECB under the QE program are reinvested as now also explained by the IMF[3]. The recipients of these funds often preferred to place the cash with other banks than the Italian. As a result the money ultimately ended up with other central banks than Banca d'Italia. In a nutshell, the liquidity provided by Banca d'Italia when purchasing these securities from the market, left the Italian banking system an ended up in other parts of the Eurozone. That automatically raised the liabilities of Italy within the TARGET2 system – the clearing system among the Eurozone central banks. The mirror image could be seen in a rising creditor position of other central banks within TARGET2 – mainly Bundesbank. By the same token, capital outflows have continued in the current year as seen in the further rise of Italy's TARGET2 liabilities to €479bn last September (latest data point from Banca d'Italia) from around €413 at the end of last December.



Consequences if any of TARGET2: But does this rise in ItalysTARGET2 balance have any consequences? Under normal circumstances the TARGET2 imbalances do not have harmful consequences. The TARGET2 system consists of IOU balances, i.e. financial statements without specified repayment obligations. That is no problem as long as the Eurozone's integrity is not compromised. In contrast, after a possible break-up they would become real obligations/claims as explained in 2016 by the ECB governor, Mario Draghi, in a letter to two members of the Italian Parliament although the exact settlement obligations in such a situation may yet have to be specified. Barring a break-up, the imbalances are expected to gradually reduce as confidence is restored to all parts of the Eurozone's financial system. i.e. back to the situation that prevailed until August 2007 – i.e. at the outbreak of the US housing crisis.

A long healing process: That has yet to heal but as long as the ECB's quantitative easing continues interest rate spreads could remain compressed within the Eurozone preventing any differences in risks – political, financial, economic or whatever -- in investor minds to be recognized in interest rates. Therefore, if investors can get more or less the same interest in a German bank as in an Italian, she will probably choose the German when parking her cash after having sold government bonds to Banca d'Italia. So why then are not rates in Italy clearly higher than in Germany to incentivize investors to return the cash to Italian banks? The spectre for ECB could be the repeat of market turbulence experienced in 2012 with interest rates so high for the "*Peripherals*" including Italy, that none of their governments would have been able to service their debt. Since then and after Mario Draghi's assertion "Whatever it takes [to keep the Eurozone intact]" markets have remained calm. But recent year's rise in TARGET2 imbalances suggests that investor nerves are still frayed.

[3] Italy, 2017 Article IV Consultation, Washington DC, July 2017

Key data:	2014	2015	2016	2017	2018	2019	2020	2021
GDP (bill. US$)	2156	1832	1861	1942	2097	2210	2331	2395
GDP/capita (US$)	35470	30178	30694	32065	34628	36517	38538	39610
GDP (change)	0,2%	0,8%	1,0%	1,6%	1,2%	0,9%	0,8%	0,8%
Investments/GDP	17%	17%	17%	18%	18%	17%	17%	17%
Budget balance/GDP*	-3,0%	-2,6%	-2,5%	-2,3%	-1,8%	-2,5%	-2,5%	-2,5%
Govt debt/GDP**	132%	132%	133%	133%	132%	131%	131%	131%
CPI inflation (%)	0,3%	0,0%	-0,1%	1,2%	1,3%	1,3%	1,3%	1,3%
Money demand (%)	1,3%	2,3%	3,7%	4,9%	4,5%	2,3%	2,8%	2,9%
Stock prices	60791	60714	60618	60570				
Interest rates	0,2%	0,0%	-0,3%	-0,3%	-0,3%	0,0%	0,0%	0,0%
Exch. Rate ($)	1,33	1,11	1,11	1,13	1,19	1,22	1,25	1,25
Trade/GDP (%)	45%	46%	45%	48%	49%	51%	51%	52%
Oil price (Brent)	$99	$52	$44	$54	$75	$77	$73	$73
billions US $								
Export of goods	517 006	448 994	453 051	498 977	544 519	549 964	555 464	561 018
Imports of goods	454 108	392 753	389 996	435 652	485 379	497 513	509 951	522 700
Other:	-22 539	-28 711	-14 916	-8 351	-6 248	-88	6 327	13 002
Current account	**40 359**	**27 530**	**48 140**	**54 974**	**52 892**	**52 363**	**51 839**	**51 321**
(% of GDP)	1,9%	1,5%	2,6%	2,8%	2,5%	2,3%	2,3%	2,3%
FDI	-3 381	-2 796	3 114	-3 005	-31	-139	-144	11
Loan repayments	-230	-216	-197	-222	-225	-224	-223	-225
Net other capital flows	-36 749	-24 519	-51 056	-51 745	-52 634	-51 997	-51 469	-51 106
Balance of payments	**-1,1**	**0,0**	**0,7**	**1,8**	**1,7**	**2,3**	**3,0**	**1,7**
Reserves	34	34	35	37	38	41	44	45
Total debt	2 505	2 367	2 300	2 669	2 700	2 705	2 753	2 844
o/w short term debt	1 611	1 510	1 377	1 553	1 577	1 571	1 563	1 574

Sources: Oxford Economics and SEB estimates.

Rating history					
Fitch (eoy)	A-	BBB+	BBB+	BBB+	BBB
Moody's	Baa2	Baa2	Baa2	Baa2	Baa2

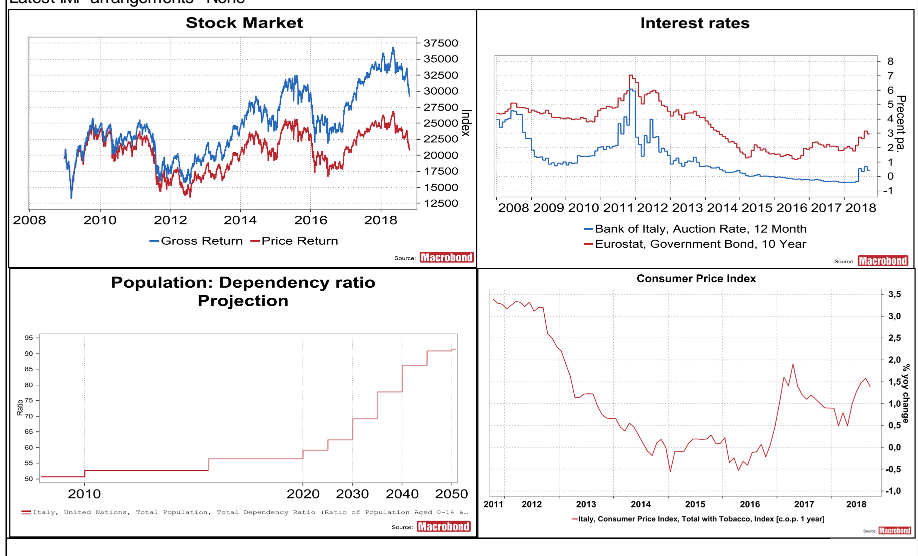
Type of government: Parliamentary Democracy

Next elections 2023 (legislative)

Other:

Latest PC deal None

Latest IMF arrangements None



Disclaimer

Confidentiality Notice

The information in this document has been compiled by Skandinaviska Enskilda Banken AB (publ) ("SEB").

Opinions contained in this report represent the bank's present opinion only and are subject to change without notice. All information contained in this report has been compiled in good faith from sources believed to be reliable. However, no representation or warranty, expressed or implied, is made with respect to the completeness or accuracy of its contents and the information is not to be relied upon as authoritative. Anyone considering taking actions based upon the content of this document is urged to base his or her investment decisions upon such investigations as he or she deems necessary. This document is being provided as information only, and no specific actions are being solicited as a result of it; to the extent permitted by law, no liability whatsoever is accepted for any direct or consequential loss arising from use of this document or its contents.

SEB is a public company incorporated in Stockholm, Sweden, with limited liability. It is a participant at major Nordic and other European Regulated Markets and Multilateral Trading Facilities (as well as some non-European equivalent markets) for trading in financial instruments, such as markets operated by NASDAQ OMX, NYSE Euronext, London Stock Exchange, Deutsche Börse, Swiss Exchanges, Turquoise and Chi-X. SEB is authorized and regulated by Finansinspektionen in Sweden; it is authorized and subject to limited regulation by the Financial Services Authority for the conduct of designated investment business in the UK, and is subject to the provisions of relevant regulators in all other jurisdictions where SEB conducts operations.

Skandinaviska Enskilda Banken AB. All rights reserved.