NIB NORDIC INVESTMENT BANK

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2011 AUG -5 PM 3:51

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August 2, 2011

David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

COMMENT

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re.: Exemption for Multilateral Development Banks from the definitions of "swap" and "security based swap" definitions contained in Title VII of Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act")

Referring to the comments provided in letters (together the "Comment Letters") to the Commodity Futures Trading Commission ("CFTC") and the Securities Exchange Commission ("SEC") by the World Bank ("WB") on April 5, 2011 and July 22, 2011, and by Council of Europe Development Bank ("CEB"), European Bank for Reconstruction and Development ("EBRD") and by European Investment Bank ("EIB"), all dated July 22, 2011, the Nordic Investment Bank ("NIB" or "the Bank") hereby wishes to express its full support to what is set out in the Comment Letters regarding Multilateral Development Banks, including those where the United States is not a member, and NIB, in its capacity as a Multilateral Development Bank, further respectfully wishes to submit its request that CFTC and SEC expressly exclude transactions entered into by NIB from the definitions in Title VII in the Dodd-Frank Act of "swap" and "security based swap".

Description of NIB

I. Legal Status

NIB was established as an international financial institution to provide medium and long-term loans and guarantees pursuant to the agreement regarding the establishment of NIB (the "Establishing Agreement"), which was signed on December 4, 1975. The signatories of the Establishing Agreement were Denmark, Finland, Iceland, Norway and Sweden (the "Nordic countries").

The Establishing Agreement and the Statutes of NIB (the "Statutes") became effective on June 1, 1976, and NIB commenced operations on August 2 of that year.

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On February 11, 2004, following a decision to broaden NIB's ownership base, a new agreement on NIB was signed (the "2004 Agreement"), providing for membership in NIB of Estonia, Latvia and Lithuania on essentially equal terms with the original five Nordic countries. The 2004 Agreement came into force on January 1, 2005 after final ratification in each of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden (the "Member countries"). NIB has, since January 1, 2005, been governed by the provisions of the 2004 Agreement and the Statutes (as amended from time to time) annexed thereto.

The 2004 Agreement continues to provide NIB the privileges and immunities common to international financial institutions ("IFIs"), such as inviolability of its premises, protection from search and seizure of its property and assets, protection from pre-judgment remedies, and broad tax exemptions.

The 2004 Agreement also states that NIB is exempt from payment restrictions and credit policy measures which in any manner prevent or impede the fulfillment of its commitments.

NIB's principal office is located in Helsinki, Finland.

On October 20, 2010, a revised Host Country Agreement between NIB and the Government of Finland was signed. The agreement confirms NIB´s status as an international organization and further regulates certain privileges and immunities concerning the Bank and its staff as well as social security for the staff. The agreement was enacted as a law in Finland and came into force on January 16, 2011.

II. Operations

NIB promotes sustainable growth of its Member countries by providing long-term complementary financing, based on sound banking principles, to projects that strengthen competitiveness and enhance the environment in the Member countries as well as in the countries of operation[1]. In conducting its operations, NIB cooperates with other credit institutions as well as with public authorities and private institutions in each of the Member countries and in the countries of operation outside NIB's Member countries, with other IFIs and international banks. NIB represents one aspect of a tradition of cooperation among governments, organizations, companies and individuals in the Member countries stemming partly from their common heritage and geographic proximity.

NIB is to take into account socio-economic considerations, to carry into effect investment projects of interest to the Member countries and other countries which receive such financing.

[1] NIB has entered into Framework Agreements with 40 countries all over the world. These countries thereby acknowledge the status and immunities of NIB as an international financial institution.

At December 31, 2010, NIB had loan commitments totaling EUR 14,950.1 million ($19,976.3 million), of which EUR 13,771.3 million ($18,401.2 million) was outstanding, and had issued guarantees totaling EUR 8.3 million ($11.1 million). NIB may make loans and issue guarantees up to a total amount equivalent to 250 per cent of the authorised capital stock and accumulated reserves (see Section IV (Capitalization) below). Under the Statutes, NIB is required to protect itself against exchange rate losses and to obtain adequate security for its loans and loan guarantees.

NIB's primary source of funding is through the issuance of bonds in the main financial markets of Europe, Asia and the United States of America. The objective is to raise funds at a favorable cost to enable lending on competitive terms to the Bank's customers. The Bank seeks to take advantage of favorable market conditions, adapting its borrowing operations to investor preferences in terms of currency, maturity, liquidity and structures. Within this strategy, the objective is to raise funds at the lowest possible cost while taking into consideration the risks involved in the structure and complexity of the individual transactions. Furthermore, potential mismatches between the terms of the funding and lending transactions are taken into consideration. For these reasons, the proceeds from the issues are converted in the derivatives markets in order to best manage the foreign exchange, interest rate and refinancing risks on the balance sheet.

Most of NIB's medium and long-term borrowing is conducted under its borrowing programs. At year-end 2010 the Bank had the following active programs:

- the Euro Medium Term Note Program (the "EMTN Program") with a ceiling of EUR 15 billion ($20,043 million)
- the U.S. Medium Term Note Series D Program registered with the U.S. Securities and Exchange Commission (the "U.S. MTN Program") with a ceiling of USD 20 billion, and

the Australian and New Zealand Dollar Domestic Medium Term Note Program with a current ceiling of AUD 5 billion ($5,086.0 million).

During 2010, NIB borrowed EUR 4,120.3 million ($5,505.5 million). For the years 2010 and 2011, the Board of Directors of the Bank has authorized the Bank to raise medium and long-term borrowings in an aggregate amount of up to EUR 5 billion ($6,681.0 million) and EUR 4 billion ($5,344.8 million) respectively.

NIB's bonds are listed on stock exchanges in a number of countries, most often on the London Stock Exchange or on the Luxembourg Stock Exchange.

As of December 31, 2010, NIB had outstanding funded debt in 19 currencies[2], while the lending portfolio was denominated in only 12 currencies

In order to protect NIB from market risks that arise an inherent part of its borrowing and lending activities, the Bank enters into swap transactions. The net effect of the

[2] The currencies (listed according to outstanding amount when converted into EUR) being U.S. dollars, Japanese yen, Australian dollars, Pounds sterling, Euro, Norwegian kroner, New Zealand dollars, Swiss francs, Brazilean real, Swedish kronor, South African rand, Canadian dollars, Hong Kong dollars, New Turkish lira, Russian roubles, Polish zloty, Argentine pesos, Mexican pesos and Icelandic kronur.

swap hedging is to convert the borrowing and lending transactions to floating rates. This hedging activity is an integral part of the Bank's business process and is designed as a fair value hedge.

NIB may use derivatives only for hedging purposes according to its Financial Policies set by the eight Member countries.

As of December 31, 2010, the total nominal amount of interest rate swaps and currency swaps, to which NIB is a counterparty, amounted to only EUR 30,075 million.

III. Risk Management

NIB's constituent documents require that loans be made in accordance with sound banking principles, that adequate security be obtained for the loans and that the Bank protect itself against the risk of exchange rate losses. The main risks – credit risk, market risk, liquidity risk and operational risk – are managed carefully with risk management closely integrated into the Bank's business processes. As an IFI NIB is not subject to any national or international banking regulations. However, the Bank's risk management procedures are reviewed and refined on an ongoing basis in order to comply in substance with what management identifies as the relevant evolving market standards, recommendations and best practices.

The credit risk exposure of swaps is measured as the current market value plus an allowance for potential increases in exposure over the transaction's lifetime (often referred to as potential exposure). The add-on for potential exposure reflects the fact that significant fluctuations in the swap's value may occur over time. As a rule, NIB enters into International Swaps and Derivatives Association ("ISDA") contracts with swap counterparties. This provides for a netting of the obligations arising under all of the derivative contracts covered by the ISDA agreement in case of insolvency and, thus, results in a single net claim on, or payable to, the counterparty. Netting is applied for the measurement of the Bank's credit exposure only in cases when it is deemed to be legally enforceable in the relevant jurisdiction and against a counterparty.

To further reduce the credit risk associated with its derivatives exposure, NIB enters into credit support agreements with its major swap counterparties. This provides risk mitigation, as the swap transactions are regularly marked-to-market and the party that is the net obligor is requested to post collateral.

NIB enjoys the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor's and Moody's. NIB is 0% risk-weighted under the rules of the Basel Committee on Banking Supervision (standardized approach)

IV. Capitalization

The Statutes provide that NIB's authorized capital stock shall consist of a paid-in portion and a callable portion. Of NIB's total authorized capital stock of currently EUR 6,141.9 million ($8,206.8 million), the paid-in portion amounts to EUR 418.6 million ($559.3 million), which corresponds to approximately 6.8% of the total authorized capital stock of the Bank. All subscribed capital not paid in is subject to call by the Board of Directors of NIB to the extent that the Board deems it necessary for the fulfillment of the Bank's debt obligations. The Statutes do not require that calls be made pro rata, but it is anticipated that, in the first instance, calls would be made in that manner. Failure by any Member country to make payment on any such call would not excuse any other Member country from its obligation to make payment. No Member country can legally be required on any such call to pay more than the unpaid balance of the callable portion of its subscribed capital. To date no such calls have been made.

V. Governance

Pursuant to the 2004 Agreement concluded among Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden on February 11, 2004 and the Statutes annexed thereto which entered into force on January 1, 2005, NIB shall have a Board of Governors, a Board of Directors, a President, and such other personnel as is necessary to carry out its operations.

The Board of Governors is composed of eight Governors. Each Member country is represented by the Minister it designates as its Governor (most often Ministers of Finance). The Board of Governors is responsible for matters specified in the 2004 Agreement and the Statutes. In general, the Board of Governors has replaced the Nordic Council of Ministers and its functions under the previous legal framework of the Bank.

With the exception of matters that fall within the authority of the Board of Governors, all of the powers of NIB are vested in the Board of Directors. The Board of Directors is composed of eight Directors, one appointed by each Member country, who serve for renewable terms of up to four years and each of whom has one vote. Each Member country also appoints one alternate Director according to the same principles. The chairmanship and the deputy chairmanship rotate among the Member countries every two years.

A Control Committee has the responsibility of ensuring that the operations of the Bank are conducted in accordance with its Statutes. The Control Committee is also responsible for conducting an audit of the Bank's financial statements to be delivered to the Board of Governors. The Control Committee is composed of ten members, serving renewable terms of up to two years. The Nordic Council and the Parliaments of Estonia, Latvia and Lithuania appoint one member from each Member country. The Board of Governors appoints two members, who serve as Chairman and Deputy Chairman. The chairmanship and the deputy chairmanship rotate among the Member countries

Conclusion

Is is evident that NIB is established, worldwide accepted and conducts its operations as a Multilateral Development Bank in line with its peers, i.e. CEB, EBRD, EIB and WB. Accordingly it will have the same devastating effects on the operations of NIB as

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described in the Comment Letters by other Multilateral Development Banks, if NIB will become subject to the requirements of the Dodd-Frank Act.

As a consequence of this we wish to (i) strongly emphazise the importance of a general exemption for Multilateral Development Banks from the definitions of "swap" and "security based swap" Definitions contained in Title VII of the Dodd-Frank Act; and (ii) kindly ask you to consider to extend this exemption even to Multinational Development Banks in which US is not a member, i.e. including NIB.

Yours sincerely,
NORDIC INVESTMENT BANK

Heikki Cantell
General Counsel

on behalf of

Lars Eibeholm
Vice-President, CFO, Head of Treasury

Pernelle de Klauman
Deputy Chief Counsel