

This is a translation of the official Norwegian version of the Nibor rules. In the event of any discrepancy between this text and the Norwegian text, the latter shall prevail.

Rules for the calculation and publication of Norwegian money market rates – Nibor

First adopted on 14 April 2011 by Finance Norway, entering into force on 1 August 2011. Adopted on 16 December 2016 by Norske Finansielle Referanser AS (NoRe)¹, entering into force on 1 January 2017.

1. Scope and extent of the rules

Nibor (Norwegian Interbank Offered Rate) is a collective term for Norwegian money market rates with different maturities. These rules apply to the calculation and publication of Nibor with maturities of one week, one month, two months, three months and six months.

The rules apply to the Nibor administrator, Nibor panel banks and any subcontractors they may employ. The administrator and the panel banks are fully responsible for following the rules. If functions described in the rules are transferred to subcontractors or assistants, the contracting entities are still fully responsible for following the rules.

The rules may not be invoked by the users of Nibor or other parties.

Reference is also made to the applicable provisions on reference interest rates and the determination of these rates in laws and regulations. In the event of any discrepancy between the Nibor rules and the provisions of laws and regulations, the latter shall prevail.

2. Definitions

Administrator:

Legal person responsible for the determination of Nibor and the rules governing Nibor. NoRe is the Nibor administrator.

Nibor submissions:

The interest rates submitted by panel banks as contributions to the calculation of Nibor.

Panel bank:

A bank which contributes Nibor submissions to the calculation agent. Nibor panel banks are also referred to as Nibor banks.

¹ Finance Norway's responsibility as Nibor administrator was transferred to NoRe with effect from 1 January 2017.

Submitter:

A natural person employed by the panel bank for the purpose of contributing input data.

Leading bank:

A bank with a high credit rating for short-term debt which is active in the Norwegian money and foreign exchange market on competitive terms.

3. Underlying data and calculation method

Nibor is intended to reflect the interest rate lenders require for unsecured money market lending with various maturities in NOK with delivery two days after the trade date (see section 1). Nibor is published as an annual nominal interest rate over 360 days² as is standard in the foreign exchange market.

The fix time for Nibor is 12 noon CET each trading day. On days on which the Norwegian foreign exchange market has shorter trading hours (New Year's Eve and the Wednesday before Maundy Thursday), the fix time is 10 a.m. CET. In special circumstances, the administrator may decide to postpone fixing until later in the day. Notice of any such postponement shall be published (see section 4).

Nibor shall be based on the interest rates that are entered by panel banks (see section 5) into the calculation agent's system (see section 6) that same day and are available by the fix time for Nibor each trading day. These rates are defined as the panel banks' Nibor submissions. Nibor and Nibor submissions shall be specified to two decimal places, rounded in accordance with standard rules.

The interest rates submitted by an individual panel bank shall reflect the interest rates the bank would charge on lending in NOK to a leading bank. The interest rates should be regarded as the best possible estimates of market rates, but not as binding offers.

Nibor shall be calculated by the party appointed by the administrator to act as the calculation agent (see section 6), as a simple average of the interest rates submitted by the panel banks for each maturity. The calculation shall omit the two highest and the two lowest interest rates if more than seven banks have submitted, or the lowest and the highest rates if five, six or seven banks have submitted. If fewer than five banks submit, all of the submitted interest rates shall be used. Nibor shall not be calculated if fewer than two banks have submitted.

In the event of errors being detected in the calculations, regardless of reason, Nibor may be adjusted up to one hour after the fix time. If Nibor is adjusted, notice of this shall be published simultaneously (see section 4).

² The percentage return over the term is calculated by dividing the interest rate by 360 and multiplying it by the actual number of days to maturity.

4. Publication

Nibor shall be published every trading day, normally at 12 noon, or at 10 a.m. on days with shorter market trading hours (see section 3).

Information shall be published where necessary, especially if

- Nibor cannot be calculated,
- Nibor is adjusted, or
- the fix time is postponed

(see section 3).

The administrator and the calculation agent will agree on how such publication is to take place.

5. Nibor panel banks

The requirements for admission to the Nibor panel are that the bank in question is an active marketmaker in the market in which the redistribution of NOK liquidity takes place – in the relevant maturities and throughout the market's trading hours – and has been such for a period of at least three months.

Nibor panel banks undertake to submit interest rates as described in section 3 for the relevant maturities and to have staffing levels and systems in place that enable them to submit interest rates in accordance with these rules at any given time. Staff responsible for calculating and submitting interest rates shall have the necessary training.

Nibor panel banks shall keep records of rates submitted, the data used to calculate the rates submitted, and documentation of the underlying assessments. Any failure to submit shall also be documented, along with the reasons for the failure. Panel banks shall keep these records and documentation for at least five years. The material shall be stored in a form that allows future access, and in such a form and in such a way that it is not possible to alter the content of the information.

Nibor submissions shall be kept confidential until Nibor is published (see section 4). To ensure high-quality, consistent and transparent calculation and fixing of Nibor, it is necessary with the market in mind that the calculation agent has exclusivity over the receipt and distribution of Nibor submissions and the calculation and distribution of Nibor. Panel banks may not therefore parallel-report Nibor submissions directly or indirectly to any party other than the Nibor calculation agent.

The panel banks have a duty to supply such information as is requested in order to carry out the tasks required by these rules. The panel banks are not obliged to disclose information that is confidential by law or commercially sensitive. Panel banks are themselves responsible for answering questions from third parties regarding the interest rates they have submitted as a basis for the calculation of Nibor.

Each panel bank shall have clear guidelines for identifying and managing potential conflicts of interest that may arise as a consequence of its own or the submitter's interests in markets where Nibor is used as a benchmark. The panel bank's guidelines shall be documented and be presented at the request of the Norwegian Financial Supervisory Authority.

The administrator processes applications from banks for admission to the Nibor panel. The Nibor steering group (see section 7.2) serves as an advisory body to the administrator in assessing whether the bank satisfies the requirements. If the administrator finds that the bank satisfies the requirements, the bank shall be granted a trial period of three months. During the trial period, the bank is required to comply with the obligations of the panel banks. The Nibor submissions from the bank will be published during the trial period, but will not be included in the calculation of Nibor. The decision to approve a bank as a Nibor panel bank is made by the administrator on the recommendation of the steering group.

A bank may leave the Nibor panel upon giving one month's written notice to the administrator. Any re-admission to the panel shall be dealt with as a new admission application. The steering group may, if well-founded reasons are provided, permit a temporary withdrawal from the panel.

Approval as a Nibor panel bank may be withdrawn if the bank no longer satisfies the requirements or meets the obligations imposed on the panel banks. A decision to withdraw approval shall be made by the administrator on the recommendation of the compliance committee (see section 7.3). A panel bank will be suspended from the panel with immediate effect if it becomes subject to public administration or other insolvency proceedings.

The individual panel bank must confirm to the administrator in writing at least once a year that the bank is complying with these rules and the guidelines that apply from time to time.

6. Nibor calculation agent

The Nibor calculation agent shall calculate Nibor (see section 3).

The administrator may enter into an agreement with a supplier on the performance of the role of Nibor calculation agent. The agreement shall clearly specify how the calculation agent's role is to be performed and what responsibilities the calculation agent has. The administrator shall enter into an agreement with the calculation agent on how publication shall take place (see section 4).

The Nibor calculation agent shall have appropriate systems and procedures to perform the calculation of Nibor as described in these rules.

The Nibor calculation agent may request information from panel banks in connection with its role as described here (see section 5).

Nibor submissions shall remain confidential until Nibor is published (see section 4). This confidentiality does not prevent information about submissions being disclosed to the Nibor monitoring body (see section 7.4).

7. Governance structure

7.1 Administrator

The administrator is responsible for the following being publicly available:

- the current Nibor rules,
- the Nibor calculated and notices relating to the calculation of Nibor (see section 4),
- the interest rates submitted by banks as the basis for Nibor,

- which banks are panel banks at any given time,
- the names of the members of the Nibor steering group and the Nibor compliance committee, and
- the name(s) of the firm(s) performing the role of Nibor calculation agent and Nibor monitoring body.

Secretariat services for the Nibor steering group and Nibor compliance committee will be provided by the administrator.

The administrator shall obtain written confirmation from the Nibor calculation agent at least once a year that it is aware of the Nibor rules and associated guidelines as apply from time to time, and that it is performing the tasks that these rules require of the calculation agent.

7.2 Nibor steering group

The Nibor steering group is an advisory body to the administrator. The Nibor steering group shall comprise representatives from the Nibor panel banks and shall have at least three members. A panel bank shall be entitled, but not obliged, to be represented in the steering group. The members of the steering group are appointed by the individual panel banks. No alternate members are appointed to the steering group. A member of the steering group may not also be a member of the Nibor compliance committee.

The Nibor steering group shall:

- Evaluate regularly, and at least annually, whether the rules and the underlying data for Nibor are appropriate. The rules shall be compared with applicable regulations and recommendations.
- Advise the administrator on amendments to the rules and on the practical implementation of the rules, including the need for more detailed guidelines etc.
- Provide the administrator with recommendations regarding applications for inclusion as a Nibor panel bank.
- Perform any other tasks assigned to the steering group under these rules.

The steering group shall meet as required, at least twice a year. Individual matters may be dealt with outside meetings provided that the whole steering group consents to this. The steering group may invite observers as required. The recommendations of the steering group shall detail any objections made to the conclusions of the majority.

7.3 Nibor compliance committee

A compliance committee shall be established to make sure that Nibor reflects the best estimates of market interest rates and as such has credibility as a benchmark. The Nibor compliance committee shall be composed of representatives from both panel banks and independent entities/institutions that are regarded as having an interest in, and a good knowledge of, how the Norwegian interbank market functions. The compliance committee shall consist of at least six members. The panel banks' representatives must not be in the majority on the committee. The compliance committee is appointed by the administrator. No alternate members are appointed to the compliance committee. A member of the compliance committee may not also be a member of the Nibor steering group.

The Nibor compliance committee shall:

- monitor compliance with the rules, including evaluating the panel banks' submissions to Nibor;
- receive and consider requests regarding the correctness of Nibor and the underlying data, evaluate breaches of the rules and make recommendations concerning the withdrawal of approval as a Nibor panel bank.

The compliance committee shall meet as required, at least once a year. Individual matters may be dealt with outside meetings provided that the whole committee consents to this. The compliance committee may invite observers as required. The recommendations of the compliance committee shall detail any objections made to the conclusions of the majority.

The compliance committee shall be supported by the Nibor monitoring body (see section 7.4).

The administrator may prepare more detailed guidelines for the work of the compliance committee.

7.4 Nibor monitoring body

The Nibor monitoring body is a support function for the Nibor compliance committee in relation to the compliance committee's tasks as set out in section 7.3. The administrator may enter into an agreement with a supplier on the performance of this function.

The Nibor monitoring body may, on behalf of the administrator, request information from panel banks and the Nibor calculation agent in connection with its role as a support function for the Nibor compliance committee. This information is confidential.

More detailed guidelines may be prepared for the work of the monitoring body.

8. Liability

The panel banks, the Nibor calculation agent and the administrator accept no liability for the published Nibor being correct beyond that which is set out in these rules, associated guidelines and agreements between the parties, and laws and regulations.

9. Confidentiality

All parties involved shall maintain confidentiality with regard to matters concerning panel banks or entities/individuals formally raising questions or complaints regarding the calculation of Nibor. This duty of confidentiality does not prevent the disclosure of information to relevant supervisory authorities.

Reference is also made to the rules on confidentiality in the legislation that applies from time to time.

10. Dispute resolution

In the event of a dispute between Nibor panel banks, or doubt about the interpretation or application of these rules, a bank may submit the matter to the administrator for a statement or decision.

11. Complaints about Nibor and notification of suspected breaches of the rules

Questions about whether Nibor and Nibor submissions are correct or notifications of suspected breaches of the rules, including suspected manipulation of Nibor submissions, shall be put in writing

to the administrator. The administrator shall forward the complaint or notification to the Nibor compliance committee. The administrator and the compliance committee are obligated to keep information about complainant or notifier confidential.

12. Amendments to the rules

Amendments to the rules may be made by the administrator. Before amendments to the definition of Nibor or the methodology for determining Nibor are adopted, the proposed changes shall be made publicly available for comment for at least six weeks.

The administrator shall enter into an agreement with the calculation agent on how the publication of amendments shall take place.

13. Entry into force

The amendments enter into force on 1 January 2017.