**Additional guidelines for panel banks' Nibor submissions**

First adopted on 30 October 2013 by Finance Norway. Adopted on 16 December 2016 by Norske Finansielle Referanser AS (NoRe)\(^1\).

The general rules for panel banks' Nibor submissions are set out in the “Rules for the calculation and publication of Norwegian money market rates – Nibor” (hereinafter referred to as the Nibor rules or the rules) as apply from time to time.

Section 7.2 of the Nibor rules requires the Nibor steering group to evaluate the appropriateness of the rules and the underlying data for Nibor on a regular basis.

**Nibor**

Under the rules, Nibor is to reflect the interest rates that lenders in the interbank market charge for unsecured loans in NOK. Nibor is calculated as an average of the interest rates that Nibor banks submit for five different maturities. Section 3 of the Nibor rules states that banks' Nibor submissions must reflect the interest rates that they would charge on lending in NOK to a leading bank that is active in the Norwegian money and foreign exchange markets.

**Relevant market**

With the exception of the very shortest maturities (less than a week), the volume of unsecured loans in the Norwegian interbank market is small. Most liquidity distribution, in volume terms, takes place in the forward exchange market. The rules' reference to the Norwegian money and foreign exchange markets therefore continues to be most appropriate. The market for the redistribution of NOK liquidity is defined more specifically as the forward exchange market.

**Banks' Nibor submissions**

When NOK liquidity is traded in the forward exchange market, the NOK interest rate must be determined as the sum of the relevant foreign interest rate and the return derived from the difference between the spot rate and the forward rate – the forward premium (which may also be negative).

Trading in the Norwegian forward exchange market is dominated by trades between NOK and USD. This means that the relevant forward premiums need to be obtained from this market.

The calculation of Nibor submissions via the relative pricing of NOK and USD presupposes that banks determine USD interest rates as a basis for their Nibor estimates. The USD interest rates that individual banks apply must reflect the relevant offered rates.

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\(^1\) Finance Norway’s responsibility as Nibor administrator was transferred to NoRe with effect from 1 January 2017.
USD interest rates are to be determined on the basis of comparison with a number of interest rates and benchmarks, possibly also in currencies other than USD, so that Nibor submissions reflect as best possible the interest rates that the bank would charge for loans in NOK to a leading bank that is active in the Norwegian money and foreign exchange markets, as required by the rules.