

# NoRe

Norske Finansielle Referanser AS  
Norwegian Financial Reference Rates

## Nibor Review Policy

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## Nibor Review Policy

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### 1. Introduction

Norske Finansielle Referanser AS (NoRe) is the administrator of Nibor. The NoRe has developed and implemented this Benchmark Review Policy, being a formalised and approved process for the review of Nibor's definition and methodology at a frequency consistent with legislation, regulation and good practice.

### 2. Legal basis - Regulatory References

#### 2.1. The European Benchmarks Regulation (BMR)

Articles 5, 7 and 13 of BMR contain prescriptive description of benchmark review requirements. These are as follows:

Oversight function requirements, Article 5 point 3:

*The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark:*

- (a) reviewing the benchmark's definition and methodology at least annually;*
- (b) ...*

Accountability framework requirements, Article 7:

- 1. An administrator shall have in place an accountability framework, covering record-keeping, auditing and review, and a complaints process, that provides evidence of compliance with the requirements of this Regulation.*
- 2. An administrator shall designate an internal function with the necessary capability to review and report on the administrator's compliance with the benchmark methodology and this Regulation.*
- 3. For critical benchmarks, an administrator shall appoint an independent external auditor to review and report on the administrator's compliance with the benchmark methodology and this Regulation, at least annually.*
- 4. Upon the request of the relevant competent authority, an administrator shall provide to the relevant competent authority the details of the reviews and reports provided for in paragraph 2. Upon the request of the relevant competent authority or any user of a benchmark, an administrator shall publish the details of the audits provided for in paragraph 3.*

Transparency of methodology, Article 13 point 1:

*An administrator shall develop, operate and administer the benchmark and methodology transparently. To that end, the administrator shall publish or make available the following information:*

- (a) ...*
- (b) details of the internal review and the approval of a given methodology, as well as the frequency of such review;*
- (c) ...*

## **2.2. Applicable Regulatory Technical Standards**

Provisions supplementing BMR Article 13 point 1 (b) is found in Commission Delegated Regulation (RTS) 2018/1641 Article 3:

- 1. The information to be provided by an administrator of a benchmark or, where applicable, a family of benchmarks in compliance with the requirement laid down in Article 13(1)(b) of Regulation (EU) 2016/1011 shall include at least the following:*
  - (a) the policies and procedures relating to the internal review and approval of the methodology;*
  - (b) details of any specific events that may give rise to an internal review, including details of any mechanism used by the administrator to determine whether the methodology is traceable and verifiable;*
  - (c) the bodies or functions within the administrator's organisational structure that are involved in reviewing and approving the methodology;*
  - (d) the roles performed by any persons involved in reviewing or approving the methodology;*
  - (e) a description of the procedure for nominating and removing persons involved in reviewing or approving the methodology.*
- 2. Administrators may opt to publish or make available the information referred to in points (d) and (e) of paragraph 1 for their critical benchmarks only.*

## **3. Nibor Benchmark Review Policy**

### **3.1. Introduction**

NoRe will provide transparency about the benchmark's purpose and methodology.

As part of this transparency, NoRe will periodically review the underlying market to ensure the fitness of the benchmark methodology in light of the (evolving) structure and depth of the underlying market.

### **3.2. Periodic Review**

NoRe will conduct at least an annual review of the underlying market and determine the fitness of the benchmark methodology.

### 3.3. Review Process

NoRe will use a number of means to determine the structure and depth of the underlying market and will collect the following metrics (where available);

- Number and size of transactions in the underlying market
- Spread to similar markets and other benchmarks/indexes
- Number of outlier submissions to the benchmark
- Number of submitters to the benchmark
- Historical data analysis
- Other metrics that are developed from time to time

Metrics will be collected by the NoRe Administration and provided to the Nibor Oversight Committee as basis for the Committee's continuous review process. On an annual basis, the Committee will make its final assessment of the conditions in the underlying market.

### 3.4. Responsibility

The responsibility for the annual review lies with the Nibor Oversight Committee. The NoRe Administration will provide assistance, at the direction of the Committee, to perform analysis of underlying market activity and the collation of relevant metrics and reports.

### 3.5. Final Assessment

The Nibor Oversight Committee will be responsible for reviewing the conditions of the underlying market and the fitness of the benchmark methodology. It will either determine;

- a. the current benchmark methodology continues to be suitable for its intended purpose.
- b. the current benchmark methodology is no longer suitable for its intended purpose and would benefit from some adjustment.

### 3.6. Nibor Oversight Recommendations

In the case that the Oversight Committee determines that the benchmark methodology is no longer suitable for its intended purpose, due to changes in the underlying market, it will recommend to the NoRe Board one of the following courses of action;

- a. a change to the methodology to ensure its suitability to measure the underlying market conditions
- b. investigate alternate comparative benchmarks that could facilitate a cessation of the benchmark

In each case the Oversight Committee would provide a rationale for their recommendation and a request to undertake a consultation on any material change.

### **3.7. Publication of Benchmark Review**

NoRe will publish on its website the results of its annual review of the benchmark methodology, including any proposed changes to the methodology and the rationale behind such changes.

### **3.8. Post Benchmarks Review actions**

In the case that a review of the benchmark, under the Nibor Review Policy, results in a recommendation for a material change to the benchmark methodology, the NoRe Board will utilise the NoRe Consultation policy to elicit feedback from stakeholders. Subject to the results of the consultation the NoRe Board may decide to implement the recommended changes, and will take appropriate steps to achieve this objective.

## **4. Publication**

This policy shall be made publicly available.