

NoRe

Norske Finansielle Referanser AS
Norwegian Financial Reference Rates

Nibor Oversight Committee Terms of Reference

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Nibor Oversight Committee Terms of Reference

Approved by the Nibor Compliance (Oversight) Committee 17.10.2019. Approved and adopted by the NoRe Board 02.12.2019. Apply from 01.01.2020.

1. NoRe Oversight Committee Overview

NoRe is the Benchmark Administrator of Nibor (the Benchmark). Nibor Oversight Committee (the Committee) is an independent committee appointed by the NoRe Board that has the primary responsibility for the oversight of the methodology, determination and dissemination of Nibor. The Committee's purpose is to support the integrity, accuracy and reliability of the Benchmark to the benefit of all users of the benchmark and reliant market participants. The Committee shall assess and challenge the decisions of the NoRe Board (the Board) with regards to the provision of the Benchmark to ensure the requirements of public regulation, including the EU Benchmark Regulation (BMR) are being met.

The Committee is comprised of a blend of users of Nibor, independent experts and representatives from Nibor Panel Banks. Guests, such as representatives from market associations, stakeholder committees, market infrastructure providers and other users of the Benchmark, may be invited to participate on a non-voting basis.

The Committee is embedded within the organisational structure of NoRe but distinct from other governance functions of NoRe. Secretariat services for the Committee is provided by the administrator.

2. Legal basis - Oversight function requirements

According to BMR Article 5(1) and (2) benchmark administrators shall establish and maintain a permanent and effective oversight function to ensure oversight of all aspects of the provision of their benchmarks. Administrators shall develop and maintain robust procedures regarding their oversight function, which shall be made available to the relevant competent authorities.

BMR Article 5(3) states that 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) overseeing any changes to the benchmark methodology and being able to request the administrator to consult on such changes;
- (c) overseeing the administrator's control framework, the management and operation of the benchmark, and, where the benchmark is based on input data from contributors, the code of conduct referred to in Article 15;
- (d) reviewing and approving procedures for cessation of the benchmark, including any consultation about a cessation;
- (e) overseeing any third party involved in the provision of the benchmark, including calculation or dissemination agents;
- (f) assessing internal and external audits or reviews, and monitoring the implementation of identified remedial actions;

- (g) where the benchmark is based on input data from contributors, monitoring the input data and contributors and the actions of the administrator in challenging or validating contributions of input data;
- (h) where the benchmark is based on input data from contributors, taking effective measures in respect of any breaches of the code of conduct referred to in Article 15; and
- (i) reporting to the relevant competent authorities any misconduct by contributors, where the benchmark is based on input data from contributors, or administrators, of which the oversight function becomes aware, and any anomalous or suspicious input data.

According to BMR Annex I, specifying requirements on interest rate benchmarks, the following requirements shall apply in substitution for the requirements of Article 5(4) and (5):

- (a) the administrator of an interest rate benchmark shall have in place an independent oversight committee. Details of the membership of that committee shall be made public, along with any declarations of any conflict of interest and the processes for election or nomination of its members;
- (b) the oversight committee shall hold no less than one meeting every four months and shall keep minutes of each such meeting;
- (c) the oversight committee shall operate with integrity and shall have all of the responsibilities provided for in Article 5(3).

3. Responsibilities

Nibor Oversight Committee is established according to BMR Annex I and is given the responsibilities following the legal requirements specified in BMR Article 5(3).

The committee is given the powers that is necessary to fulfil its responsibilities. This includes the power to require an external audit of a contributor to Nibor if dissatisfied with any aspects of its conduct.

4. Committee Membership

Nibor Oversight Committee shall be composed of representatives from supervised entities that use Nibor, independent entities/institutions, preferably one from academia, and panel banks. The representatives must be regarded as having an interest in, and a good knowledge of, how the Norwegian interbank market functions. The members shall together have the skills and expertise appropriate to the oversight of the provision of the Benchmarks and to the responsibilities the oversight function is required to fulfil.

The Committee shall consist of at least six and a maximum of 12 members. The panel banks' representatives must not be in the majority on the committee.

The Committee is appointed by the administrator. No alternate members are appointed to the Committee. A member of the Committee may not be a member of the Nibor Advisory Committee.

Members shall not include persons who have been convicted of financial services related offences.

Details of the Committee membership will be made public on the NoRe website as will any declarations of any conflict of interest along with the processes for election and nomination of Committee members.

5. Prerequisites for appointment of members to the Committee

Members of the Committee are appointed taking into consideration specialist skills, knowledge and expertise, independence and their availability to attend meetings. The Board shall ensure that members with conflicts of interest shall not hold a majority. NoRe will also give due consideration to conflicts arising from relationships between potential members and other external stakeholders with a vested interest in Nibor. The Committee shall be consulted. Appointments will be for an initial period of two years, with the possibility of re-appointment.

The committee constitutes itself. The committee has a chairman and a deputy chairman appointed by the committee itself. The chairman and the deputy chairman shall be elected from the committee members representing independent entities/institutions.

6. Removal of members to the Committee

The Board may remove a person as a member of the Committee if

- the person has served notice of his or her wish to retire from the Committee;
- the Board or the Committee is asked by the competent authority to remove the person;
- the person was appointed to the Committee as a representative of an organisation which he or she is no longer employed by and the Board considers their involvement is no longer in the best interests of the Committee;
- the person has become physically or mentally incapable of acting as a Committee member; or
- the person is repeatedly absent from meetings.

Removal of a member shall not, if possible, be effectuated without prior consultation with the Chairperson of the Committee. If the Chairperson raises objections to the removal, the issue shall be dealt with according to the provisions embedded in the Nibor Oversight Committee Dispute Resolution and Escalation Procedure.

A member wishing to resign from the Committee is required to communicate their intention to resign by providing three-month notice in writing to NoRe. A lesser notice period may be accepted if requested by the resigning member, depending on the reasons for the resignation or the assessment that a lesser notice period will have no negative impact upon the Committee's ability to fulfil its mandate.

7. Oversight Committee Meetings and Decisions

The Oversight Committee meets as needed and no less than once every four months. A meeting of the Committee will be called whenever one of the committee members so requests. Individual matters may be dealt with in writing, provided that all the members consent.

Observers may be invited to attend meetings of the Committee.

The Oversight Committee decisions are made by voting. The committee constitutes a quorum when more than half of the committee members are present or participate in the consideration of a matter. If a member is unable to attend a meeting or participate in the consideration of a matter, the member may provide a proxy vote on agenda items to the Chairperson of the Committee or any other member of the Committee.

Members representing Nibor panel banks shall never constitute the majority when voting in the committee. If members representing the panel banks constitute a majority, each representative's vote is reduced proportionally, so that the panel bank representatives' votes in total are not more than the number of members not representing panel banks.

A decision requires a majority of the votes. In the event of a tie, the chairman has the casting vote. The committee's decisions shall record any objections raised against the majority's conclusions. In case of dissent, the minutes shall indicate which members voted for and against each decision.

Summarised versions of the Committee minutes, including Committee decisions, shall be made publicly available by publication on the NoRe's website.

8. Managing Conflicts of Interest within the Committee

To mitigate any potential conflicts of interest all Committee members appointed on a personal basis must be independent and must not be subject to instructions from the companies or organisations to which they belong. Accordingly, on an annual basis each member of the Committee must submit and sign a declaration of interest whereby members shall declare any relevant interests. Declared conflicts of interest will be made publicly available on the NoRe website.

A member may not participate in the consideration of, or decision on, matters affecting his or her own institution, nor if there for other reasons may be doubts about the impartiality of the member. Committee members are required to disclose conflicts ahead of the discussion of each agenda item during meetings of the Committee, or during discussion should a conflict arise at that time. In such cases members shall excuse themselves from the relevant discussions and will have their voting rights removed for decisions relating to the specific agenda items. Reasons of any excuses are to be recorded in the minutes of the meeting.

Where it is not possible to adequately manage the conflicts of interest through the provisions above or by other means, the Chairperson of the Committee shall remove the relevant item from the agenda and if considered necessary to ensure the future integrity and credibility of the Committee advise the NoRe Board to revise the structure of the Committee and where appropriate, replace members.

9. Administrative details

Rules and procedures governing the operational functioning of the committee are detailed in the document "Nibor Oversight Committee Rules and Procedures".

This document will be publicly available on the NoRe website.