

NoRe

Norske Finansielle Referanser AS
Norwegian Financial Reference Rates

Nibor Post Publication Re-determination Policy

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Nibor Post Publication Re-determination Policy

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1. Introduction

This policy has been developed to outline the steps the NoRe, as administrator of NIBOR, will take in situations where erroneous benchmark data has been discovered to have been published. The rationale in respect to developing this re-determination policy balances the inconvenience to end-users of a re-determination (and the potential for market disruption) with the overriding requirement that Nibor must be an accurate reflection of the underlying economic reality that it is designed to measure.

Variations beyond a prescribed threshold would trigger a re-determination and distribution of new Nibor values (re-determined values), as defined in Clause 4.

Re-determination of rates will only take place on the day of publication. Final rates shall be available at 15:00 CET/CEST, if not the fixing and publication for other reasons are delayed, ref. the document "Nibor Calculation Methodology".

This policy describes;

- Governance of the policy
- Rationale for re-determination
- Examples of erroneous data and benchmark calculation errors
- Thresholds for re-determination
- Processes and procedures for re-determination
- Notifications to the market
- Reporting and record keeping

2. Governance

The re-determination policy is approved and adopted by the NoRe Board after approval in the Nibor Oversight Committee. The policy will be reviewed when needed and at least annually.

The NoRe Administration will in cooperation with Nibor Calculation Agent manage all operational procedures. In the case of a re-determination of Nibor, the processes will be managed in accordance with this policy.

Panel Banks, through their responsibilities outlined in the Nibor Panel Bank Code of Conduct, will be responsible for ensuring that any errors in Input Data are reported to the NoRe in accordance with this policy.

3. Rationale for the Re-determination Policy

The rationale for allowing for re-determination of Nibor is that the rates shall give an accurate reflection of the underlying economic reality.

A re-determination has also practical consequences for distributors and end-users and should therefore be limited to situations where errors in input data or calculation results in rates that is materially different than the rates should have been.

Finally, it is important that end-users of Nibor at a specific point in time can have certainty that the rates are final.

3.1. Examples of Potential Errors in Nibor Publication

There are two principle reasons why Nibor values published, during the normal course of operations may be erroneous as detailed in 3.1.1 and 3.1.2 below.

3.1.1. Calculation Agent calculation error or distribution error

Errors in the procedural calculation steps taken by the system, and the manual comparison checks made by operators could lead to errors in publication.

The Calculation Agent System may, due to internal systems errors, publish rates different from those calculated and displayed to operators.

These errors would be discovered by verification checks against rates published by vendors and the system displayed rates.

3.1.2. Panel Bank error when submitting Input Data

The Panel Banks are required to meet the input data rules as defined in the Nibor Panel Bank Code of Conduct. Panel Banks are required to have policies and procedures to ensure input data meets the criteria set down by the NoRe. However, errors in input data might still occur.

NoRe has policies and procedures to accurately capture input data from Panel Banks via secure connections. Once collected, data validation processes check the incoming data for anomalies. The Nibor Helpdesk will, if required under its procedures, check any anomalous submissions directly with the Panel Bank and seek clarification on the validity of the Input data.

If an error in input data is detected too late for correction before the calculation methodology has been applied, published Nibor values will be based on erroneous input data.

4. Threshold for Re-determination

Balancing the concerns outlined in Clause 3, the following rule apply for re-determination for all Nibor tenors:

Nibor is to be re-determined if an error is detected which alter the calculation of the Nibor tenor(s) in question with more than two (2) basic points.

5. Process and timeline for Re-determination

The re-determination process will have the following phases:

11:45 CET/CEST – 13:00 CET/CEST:	Notification of erroneous data or NIBOR values
13:00 CET/CEST – 14:00 CET/CEST:	Checks to determine if a tenor value meets threshold for re-determination
14:00 CET/CEST at the latest:	Notification to stakeholders that a re-determination of a tenor value/s will take place
15:00 CET/CEST at the latest:	Publication of re-determined rates and all Panel Bank submissions to final Nibor values

5.1. Notification of Erroneous Input Data by Panel Banks or Nibor Calculation

Panel Banks have a responsibility to notify the NoRe immediately on discovery of erroneous input data.

Panel Banks will have from 11:45 CET/CEST to 13:00 CET/CEST to notify the NoRe Calculations Agent of any erroneous input data. Any erroneous data not corrected as part the determination process will be used for the purposes of a re-determination calculation.

Any erroneous input data reported, inside or outside of the notification period, will be documented and made available for the Nibor Oversight Committee.

5.2. Method of Notification

Panel Banks will provide details of the original tenor rate(s) supplied and the corrected rate via a template provided for this purpose. The Panel Bank will need to provide authorisation from the original submitter and a senior representative of the bank.

On receipt of the template the Nibor Calculation Agent will contact the bank and confirm the corrected rate(s).

5.3. Determination of Corrected Nibor Values

Nibor Calculation Agent will input the corrected rate(s) into the Calculating Agent System and determine new benchmark values.

5.4. Threshold Comparison

Nibor Helpdesk Operators will compare the new benchmark values against the published values and determine if the threshold for re-determination has been exceeded.

In the case that the value does not meet the threshold, no further action will be taken and no re-determination will occur. In the case that the threshold has been exceeded, preparations for the next steps in the re-determination process will be activated.

5.5. Internal confirmation

The Nibor Calculation Agent will perform checks on the re-determination process and confirm that a re-determination of one or more tenor values will take place.

5.6. Internal Communication

Upon confirmation an email communication will be sent to the NoRe Administration to inform that a re-determination of one or more tenor values will take place, providing a brief but clear description of the reason for the re-determination.

5.7. Market Communication

The Nibor Calculation Agent will communicate to the market as soon as a re-determination is required, but no later than 14:00 CET/CEST.

The means of communicating that a re-determination will take place includes;

1. E-mail to information vendors to advise of a re-determination and for them to advise their customers via market alerts of a re-determination.
2. E-mail to subscribers that a re-determination will take place via their key contact details.

5.8. Publication of Re-determined Values

The Nibor Calculation agent will republish all tenor rates no later than 15:00 CET/CEST, which will include the re-determined tenor rate(s).

6. Reporting and Record Keeping

6.1. Calculation Agent Calculation Error or Distribution Error

Any incidents of calculation error or distribution error will be documented and reported to the Nibor Administrator for consideration in the Nibor Oversight Committee.

6.2. Panel Bank Reporting

The NoRe will request further information from the Panel Bank that provided erroneous input data. This information will be evaluated by the NoRe Administration and reviewed by the Nibor Oversight Committee.

Panel Banks may be asked to provide a root cause analysis of the error and procedures it intends to put in place to rectify the situation in the future.

6.3. NoRe Records

NoRe will store the original published rates and the re-determined rates in its Calculating Agent System. The final re-determined rate will be used for all analytical purposes as the official rate for that day.

Version history

Version	In force	Approved and adopted	Changes
V1.0	01.02.2020	Approved by Nibor Compliance (Oversight) Committee 18.11.2019. Adopted by NoRe Board 02.12.2019.	
V1.1	01.07.2020	Approved by Nibor Oversight Committee (NOC) 10.06.2020. Adopted by NoRe Board 10.06.2020	Clause 5/5.1: Window for submission error notification widened, to 11:45-13:00.