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## Enhancing Nibor transparency

*NoRe has today published its new “Nibor Transparency Statement”. The purpose of the statement is to provide users of Nibor with information on what kind of data the fixings of Nibor have been based on. The statement includes the “Nibor Transparency model” for the Nibor three months tenor.*

Nibor - derived from “Norwegian Interbank Offered Rate” - is intended to reflect the interest rate level a bank requires for unsecured money market lending in Norwegian kroner (NOK) to another bank. NoRe is authorised by the Norwegian Financial Supervisory Authority, Finanstilsynet, as administrator of Nibor pursuant to the EU Benchmarks Regulation (BMR) article 34.

According to BMR a benchmark administrator is to operate and administer the benchmark and methodology transparently. In compliance with BMR NoRe has published the relevant Nibor Framework documents and a Nibor Benchmark Statement on its website. NoRe now seek to enhance the Nibor transparency by also publishing some information on the elements which Nibor has been calculated from. This information will be provided through the “Nibor Transparency Statement”.

Nibor is based on contributions of data from a panel of six banks. When determining its submissions, the individual bank shall follow the Nibor “waterfall methodology”. This methodology prescribes that the individual submission shall be based on the bank’s unsecured interbank lending transactions if any (type a), thereafter the bank’s borrowing transactions concluded from sales of CDs or CPs (type b). As last priority the submission shall be based on the bank’s committed price quotes on CDs or CPs combined with assessments of the bank’s weighted funding costs in USD and EUR (type c). A spread must be added to borrowing rates, as the submissions shall reflect lending rates.

The Norwegian money market is characterised by liquidity being redistributed between the major market participants by using the currency swap market. Thus, submissions to Nibor are with few exemptions of type c. The Transparency Statement contain statistics on which type of submissions Nibor has been calculated from.

As support for NoRe’s control activity the Nibor Panel banks provide NoRe with background data on their submissions. The data include CD/CP quotes, foreign funding interest rates, foreign exchange spot and term rates and the weights applied for each component in the calculations. Based on these data NoRe has developed a model which calculates an implied NOK offered rate as a weighted sum of the averages of each data component type c submissions are to be based on. This “Nibor Transparency model” is for the Nibor three months tenor - the tenor most widely used as interest rate reference in Norwegian kroner - presented in the new Nibor Transparency Statement.

The Nibor Transparency Statement is published on NoRe’s website, under [“Data and Analysis”](#). The statement is to be updated about four times a year.

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