

# NoRe

Norske Finansielle Referanser AS  
Norwegian Financial Reference Rates

## Nibor Cessation Policy

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## Nibor Cessation Policy

*First version in force 01.01.2020. Last revision approved by the Nibor Oversight Committee 14.12.2021 and adopted by the NoRe Board 16.12.2021. Revisions apply from 01.02.2022.*

### 1. Introduction

NoRe is the Benchmark Administrator of Nibor. NoRe has developed and implemented this Benchmark Cessation Policy, being a formalised and approved process should the NoRe determine that NIBOR should cease to be available.

### 2. Legal basis - The European Benchmarks Regulation (BMR)

BMR Article 28 contains the following provisions connected a situation where a benchmark is to be changed or not to be provided any more:

- 1. An administrator shall publish, together with the benchmark statement referred to in Article 27, a procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the Union in accordance with Article 29(1). The procedure may be drafted, where applicable, for families of benchmarks and shall be updated and published whenever a material change occurs.*
- 2. Supervised entities other than an administrator as referred to in paragraph 1 that use a benchmark shall produce and maintain robust written plans setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided. Where feasible and appropriate, such plans shall nominate one or several alternative benchmarks that could be referenced to substitute the benchmarks no longer provided, indicating why such benchmarks would be suitable alternatives. The supervised entities shall, upon request, provide the relevant competent authority with those plans and any updates and shall reflect them in the contractual relationship with clients.*

Furthermore, following the recognition of Nibor as a critical benchmark under BMR Article 20(1), point (b), if NoRe intends to cease providing Nibor the competent authority may compel NoRe to continue to publish the benchmark for a given period of time, following the provisions given in BMR Article 21. The maximum period of mandatory administration may not exceed five years.

According to BMR Article 5 administrators shall establish and maintain a permanent and effective oversight function to ensure oversight of all aspects of the provision of their benchmarks. The oversight functions responsibilities are detailed in Article 5 Point 3. According to Article 5 Point 3 (d) the oversight function shall review and approve procedures for cessation of the benchmark, including any consultation about a cessation.

Administrators of an interest rate benchmark shall have in place an independent oversight committee which shall have all of the responsibilities provided for in Article 5 point 3.

The Nibor Oversight Committee's responsibilities are outlined in the document "Nibor Oversight Committee Terms of Reference".

### 3. Consultation Process

This Benchmark Cessation Policy outlines the processes that NoRe will undertake in the case that there is a cessation of Nibor in entirety or any individual tenor.

The scope of this document is only for the cessation of a tenor or the entire benchmark and does not include the transition to alternate benchmarks. This aspect is dealt with in the Nibor Transition Policy.

The key steps that the NoRe will undertake in regards are to;

- Consult and assess
- Decision to cease benchmark or tenor
- Notify competent authority (Finanstilsynet) and await its decision
- Inform
- Implement process of cessation

#### 3.1. Consult and Assess

The Nibor Oversight Committee should consider a range of factors when assessing if the benchmark or a tenor should be discontinued.

Potential reasons for discontinuation may include;

- Change in the underlying market that the benchmark represents
- Regulatory action
- Lack of demand for the benchmark generally by stakeholders
- Inability of the NoRe to produce the benchmark for commercial or logistical reasons i.e. inability to obtain sufficient input data
- Cessation of the Benchmark Administrator as an entity

Where the Nibor Oversight Committee is considering the cessation of the benchmark or a tenor, a recommendation should be made to the NoRe Board to consult with stakeholders (including but not limited to regulatory bodies, benchmark users, submitters, data vendors) in accordance with the NoRe Consultation Policy.

Consideration should also be given as to the merits of transitioning to an alternate benchmark and the feasibility of this in light of the potential timing of the cessation.

The Consultation paper should consider the key impacts to stakeholders and the wider market including;

- Timing of cessation and any likely impacts on existing contracts

- Information technology issues associated with the cessation of the benchmark or a tenor
- Alternate benchmarks that could be considered and timings associated with transition to alternatives
- Legal and regulatory implications
- Market disruption issues due to cessation

The results of the consultation process should be used to guide the decision-making process in determining whether to proceed with cessation.

### **3.2. Decision to cease benchmark or tenor**

The NoRe Board has the responsibility to determine if the benchmark or tenor should be discontinued, after recommendation of such action by the Nibor Oversight Committee.

As Nibor is recognised as a critical benchmark the provisions in BMR Article 21 on Mandatory administration applies. Therefore, following a decision to cease the publication of Nibor or a Nibor tenor NoRe will;

- (a) immediately notify Finanstilsynet about the intention to cease publication; and
- (b) within four weeks of such notification submit an assessment of how the benchmark:
  - (i) is to be transitioned to a new administrator; or
  - (ii) is to be ceased to be provided.

NoRe shall not cease the provision of Nibor or a Nibor tenor without the written consent of the competent authority before the end of the period for assessment by the competent authority as defined in BMR Article 21(2).

### **3.3. Implement Process of Cessation**

#### **3.3.1. Inform stakeholders**

NoRe will consider a range of factors prior to informing the market of a cessation.

Consideration will be given to;

- Sufficient notice to stakeholders of the cessation date and the timing of the cessation
- Transition measures that can be implemented
- Stakeholder engagement and the timing required for them to consider alternative options, modify documentation, seek legal and compliance advice and modify any materials referencing the benchmark
- Identification of alternate benchmarks and plans for migration
- Continuation in the publication of historical data

Once these issues have been considered, NoRe will notify the market via news letter, its website and other communication tools, including details of the cessation and any other information that would assist stakeholders to understand and take appropriate action.

### **3.3.2. Ongoing Stakeholder Engagement**

NoRe will continue to work closely with stakeholders and regulatory bodies, particularly in the case that transition arrangements have been put in place for migration to an alternate benchmark. See Nibor Transition Policy for more details.

## **4. Policy Review**

This policy will be reviewed annually.

## **5. Publication**

This policy shall be made publicly available.

**Version history**

Version	In force	Approved and adopted	Changes
V1.0	01.01.2020	Approved by Nibor Compliance (Oversight) Committee 18.11.2019. Adopted by the NoRe Board 02.12.2019.	
V1.1	01.02.2022	Approved by Nibor Oversight Committee 14.12.2021. Adopted by the NoRe Board 16.12.2021.	Clause 2, 3 and 3.2 updated to reflect the recognition of Nibor as a Critical Benchmark.