

Summary of Meeting Conclusions

Summary of conclusions from the Nibor Oversight Committee (NOC) 14 March 2022 meeting

Participants

Egil Sjørnsen (chair)
Aksel Mjøs, Norges Handelshøyskole (deputy chair)
Hallvard Mørck, NHO
Øyvind Telle, Sbanken
Tore Waseng, SEB
Kyrre Aamdal, DNB Bank
Ottar Strompdal, Nordea Bank

Excused:

None

Adoption of the meeting agenda

The committee adopted the meeting agenda. The members declared no potential conflict of interest.

Conclusions from the NOC meeting 14 December 2021 and item handled in writing in January

The committee had no additional comments to the meeting conclusions from December 2021.

Conclusions from the last meetings in Nibor Advisory Committee

NOC took note of the conclusions from the last two meetings in Nibor Advisory Committee.

Nibor – Developments since last meeting

The Secretariat gave an update on the development since the last meeting. The Nibor development and panel bank contribution analysis during 2021 were presented, and new tools for analysis of Nibor were discussed.

The committee concluded that Nibor and the panel banks' contributions seem to have reflected market conditions in the period since its last meeting, and in accordance with relevant framework and regulations.

Periodic reporting from the Calculation Agent

The Nibor Oversight Committee took note of the Quarterly report from the Calculation Agent covering the period November 2021 - January 2022.

Nibor Code of Conduct – Feedback from Finanstilsynet

NOC was informed about Finanstilsynets recommendation for an update to the Code of Conduct together with the administration's suggested response to these. NOC supported the approach as suggested by the administration and gave its approval to changes in the Nibor Panel Bank Code of Conduct as presented in the background note. Further, NOC took note of the administration's view

that the reporting of background data had worked well and left to the administration to consider whether the reporting should be formalized as a requirement in the Code of Conduct.

Nibor 2021 – NOC's yearly evaluation

Nibor Oversight Committee (NOC)'s mandate is to oversee how the combined rules and regulations related to Nibor are being adhered to. Its assessment and conclusion will be conveyed to the board of NoRe.

The NOC has had four meetings and two rounds of e-mail-based handling of urgent matters during a challenging year 2021. The administrator provided the NOC with weekly Nibor-reports. These comprehensive reports have allowed the NOC to keep constantly updated as to the relevant market and rate developments. In addition to this market information, NOC has also been informed about the developments in regulations, both nationally and at European level. The most significant development in 2021 was that the EU Commission in July concluded that Nibor is a critical benchmark rate under the BMR-requirements, and thus added to the list of such benchmarks. This decision was afterwards included in the EEA-agreement and entered into Norwegian law in December 2021. Following this classification as a critical benchmark rate, the Nibor Panel Bank Code of Conduct and the Nibor Cessation Policy were updated during the year. Administrators of critical benchmark rates also needs to be audited annually by an external auditor. EY did the first such audit in 2021. The administration continues to follow up, and notify the NOC of, relevant regulations as well as the expanded role of the Financial Supervisory Authority (Finanstilsynet) following the changes.

The NOC has also received satisfactory assessments and reporting from the NoRe Administrator, the NoRe compliance function and from GRSS as the calculation agent.

The Covid-19 situation continued to impact all financial markets, and thus also the Nibor calculation. Still, the NOC notes with satisfaction that the panel banks have contributed to an orderly fixing of the Nibor rates every business day of 2021. Norges Bank held it's signaling rate at zero from the start of the year until September 2021.

The rates for the Nibor-tenors did not show any suspicious developments and reinforced the impression of a robust regime around the setting of the rates. The latter despite the market volatility in general. The administrator with support also from the calculation agent, GRSS, have also investigated both different panel banks' contributions, as well as the consistency of the Nibor rates with USD and EUR rates as well as related fx forwards. The ongoing analyses have been expanded and in general more comprehensive. None of these investigations have revealed any reasons for concern.

Reports from the surveillance by GRSS have been distributed. No suspicious behavior in the setting of the Nibor rates during 2021 was discovered, nor have any complaints been received. NoRe Compliance Officer has confirmed the assessment of adequate control activities.

NOC has also assessed the Nibor framework as such, based on reporting from the administrator, and found that this continues to be suitable for its intended purpose. NOC also appreciates the Nibor training program developed and delivered towards the panel banks and the FSA.

Conclusion:

The Nibor Oversight Committee acknowledged the receipt of the various reports from GRSS and NoRe as Nibor administrator. In combination, these reports are seen as sufficient for NOC's assessment under the applicable laws and regulations for the year 2021. The committee would like the administrator to assess the publication of relevant documents and reports related to control-activities. The chair was mandated to decide on this matter.

The Nibor Oversight Committee concludes that Nibor has been well managed during 2021 and commended NoRe as administrator for the accomplishments through the year.

NOC's annual review of the Nibor framework – 2nd phase

The Nibor Oversight Committee (NOC) supported the administration's assessment of documents for review and took note of the administrator's review of markets and developments in Nibor during 2021, and of the compliance officer's report. There were no further questions or notes from NOC related to the above.

Other ongoing processes

a) External audit

NoRe has started its second external audit process using EY as an external auditor. The process is clarified with Finanstilsynet, which requests that the external auditor report aim is finalized by 01.09.2022.

b) Training program for panel banks

The Nibor training session planned for March has been postponed with the objective to include a fully updated Nibor Panel Bank Code of Conduct following Finanstilsynet's suggested amendments.

c) Daily reporting

The administration informed NOC that GRSS' new technical solution for panel banks' daily reporting is under test before a full implementation will be considered during the spring of 2022.

d) NOC weekly reporting – Further development

The administration briefed NOC on topics for analysis and development which may improve the weekly reporting on Nibor and markets.

e) Public regulation (BMR etc.)

The administration updated NOC on recent developments in public regulation.

The Nibor Oversight Committee took note of information about ongoing processes in NoRe.

Alternative NOK Interest Rate Benchmarks working group (ARR) – status

The Nibor Oversight Committee took note of information provided about status in the work on alternative NOK Interest Rate Benchmarks.

Meeting schedule

For the next 12 months, it is decided that NOC will meet on the following dates:

08.06.2022

21.09.2022

14.12.2022

14.03.2023

These meetings will be planned as physical meetings.

Any other business

a) NoRe's reply to Finanstilsynet on contingency solutions

On 09.03.2022 Finanstilsynet reached out to NoRe with the objective of mapping the extent to which Norwegian administrators of financial benchmarks are affected by the crisis in Ukraine and sanctions imposed on the Russian authorities, companies and individuals. NoRe reported back that there are no direct points of contact with Ukraine or Russia, and that NoRe together with GRSS has reviewed all eventualities resulting from the conflict. However, it was emphasised the work on mapping contacts and systems was still ongoing.

b) Guideline to NOC membership for critical benchmarks

Strompdal asked the administrator and NOC members to evaluate new compliance guidelines for membership to NOC, where the objective is to secure a group consisting of members with sufficiently wide and deep competencies relevant for the oversight of Nibor.

NOC took note of these updates and asked the combined efforts of NoRe and NOC committee members to follow up on the compliance to guidelines about NOC membership.