

**Working group for alternative NOK reference rates**  
**Thursday, 26 August 2021**  
**Video conference**

**Attendees:**

Vidar Knudsen	<b>DNB Bank</b>
Espen Teie	<b>Danske Bank</b>
Eske Smith	<b>Danske Bank</b>
Timothy Fitzgerald	<b>DNB Markets</b>
Wenche Vatnan	<b>Handelsbanken</b>
Karolina Thyman	<b>Nordea Bank Abp</b>
Jenny Ramstedt	<b>Skandinaviska Enskilda Banken AB</b>
Dag Olav Uddu	<b>Sparebankene SMN, Nord-Norge og Østlandet</b>
Henning Nilsen	<b>Sparebank 1 Boligkreditt</b>
John Hopp	<b>Sparebanken Vest</b>
Dag Hjelle	<b>SR Bank</b>
Joakim Henriks	<b>Swedbank</b>

**Invitees:**

Per Erik Stokstad	<b>Norske Finansielle Referanser AS (NoRe)</b>
Louis William Härter	<b>Norske Finansielle Referanser AS (NoRe)</b>
Michael Hurum Cook	<b>Finance Norway (observer)</b>
Joar Johnsen	<b>Finance Norway (observer)</b>
Marit Øwre-Johnsen	<b>Norges Bank (observer)</b>
Kjetil Stiansen	<b>Norges Bank (observer)</b>
May-Iren Wassås	<b>Norges Bank (observer)</b>
Fride Marie Pedersen	<b>Norges Bank (observer)</b>

**Agenda:**

1. Questions regarding the method for calculating compounded Nowa.
2. Briefing by NoRe on the planned publication of the fallback rate for Nibor.

**Minutes:**

Vidar Knudsen (DNB Bank) presented the agenda. The main theme of the meeting was NoRe's planned publication of a fallback rate for Nibor, which will be based on compounded Nowa with an additional spread. In connection with the calculation of the rate, NoRe posed a number of questions to the ARR working group. William Härter (NoRe) briefly presented the questions that related to the calculation of compounded Nowa. On behalf of the ARR working group, Henning Nilsen (Sparebank 1 Boligkreditt) answered that the working group would further examine the feedback and assess whether any small adjustments should be made to the calculation of compounded Nowa.

With reference to the distributed preliminary report from NoRe, Per Erik Stokstad (NoRe) gave a briefing on the planned publication of rates calculated using the methodology published by the working group as the recommended fallback rate for Nibor. NoRe has developed a technical solution for the calculation of daily rates and an analysis memo illustrating how the recommended fallback rates have changed historically relative to Nibor. William Härter presented parts of the analysis memo.

Stockstad reported NoRe's intention to make the information available on a fallback rate page on NoRe's website, accompanied by a clear disclaimer stating that the data can only be used for assessment/analysis and not as an official reference or fallback rate. In NoRe's assessment, such information would be of obvious value to Nibor users, who range from professional participants in derivatives markets to smaller participants who require contingency planning guidance. Updating rate calculations would then be superfluous and cease from the date fallback rates were made generally available by the participant given responsibility for following up the ARR working group's recommended fallback solution.

Henning Nilsen responded, on behalf of the sub-group for market conventions and fallback solutions, that they were sceptical about NoRe publishing a fallback rate for Nibor as this could cause confusion among Nibor users. Nilsen argued that the ARR working group has already published a recommended solution for the Nibor fallback rate and this rate will be shortly published by Bloomberg and included in ISDA agreements. Several members of the working group supported the argument that publishing two fallback rates for Nibor would cause unnecessary confusion among the users. Some members were less sceptical about the publication of analysis memos for information purposes. Following a lack of consensus, the working group and NoRe agreed to follow up the matter at a new meeting to be held soon.