

**Working group for alternative NOK reference rates**  
**Meeting minutes**  
**Tuesday, 26, October 2021**  
**Video conference**

**Attendees:**

Vidar Knudsen	<b>DNB Bank</b>
Espen Teie	<b>Danske Bank</b>
Timothy Fitzgerald	<b>DNB Markets</b>
Wenche Vatnan	<b>Handelsbanken</b>
Karolina Thyman	<b>Nordea Bank Abp</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>
Joakim Henriks	<b>Swedbank</b>
Christian Heggen	<b>DNB Markets</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. Briefing on agreement with Bloomberg on calculating and publishing a fallback rate for Nibor
2. Letter from Norske Finansielle Referanser AS (NoRe)
3. Request to Norges Bank for a calculator for calculating compounded Nowa

**Minutes:**

Vidar Knudsen (DNB Bank) presented the meeting agenda. Henning Nilsen (Sparebank 1 Boligkreditt) then updated the work on fallback rates for Nibor by the sub-group for market conventions and fallback solutions. Under an agreement with ISDA, Bloomberg has been given responsibility for calculating and publishing fallback rates for Nibor. The original requirement for Finance Norway to pay an annual service fee to Bloomberg has been dropped. Bloomberg will be ready to publish the rate soon (2021 Q4). ISDA is also ready to publish a supplement, which includes fallback solutions for NOK derivatives contracts. This will likely take place in December. At the same time, ISDA is expected to publish a protocol that market participants can sign to include the corresponding fallback solution in existing derivatives contracts.

The group then discussed a letter from NoRe (Norske Finansielle Referanser AS) to the working group. In it, NoRe offers a solution for calculating fallback rates for Nibor, in line with the working group's recommendations. At the same time, NoRe points out that, with this offer, it can no longer be viewed as an independent member of the sub-group for market conventions and fallback solutions, citing the sub-group mandate, which states "The working group must also ensure that Bloomberg or another independent party calculates the spread adjustment between Nibor and compounded Nowa". As a consequence, NoRe is withdrawing as a member of this group.

In accordance with the mandate, the working group has chosen to recommend Bloomberg as the provider of the fallback rate. This was an absolute requirement from ISDA with regard to derivatives. There was agreement in the working group that it is undesirable with several alternative versions of the fallback rates, which in the group's opinion can lead to confusion in the market and make market participants uncertain about what the official fallback rate is. Moreover, it is considered to be problematical that an institution will be calculating the fallback for its own previously administered rate, eg, in a scenario where NoRe goes bankrupt, is placed under administration or loses official approval as Nibor administrator. Against this background, it was decided that the working group would respectfully decline NoRe's offer of a solution for calculating spread adjustment, term-adjusted Nowa and the replacement rate. The working group also agreed to publish a market update on the ARR website where it is made clear that the working group recommends using Bloomberg as a source of fallback rates for Nibor.

Finally, the working group decided to send a request to Norges Bank to publish a calculator for calculating periodic rates for Nowa on its website. Such a calculator can be used to check interest rate calculations when market participants trade in instruments linked to Nowa.