

**Minutes from meeting in the Nowa user group
Wednesday 24th March 2021
Video conference**

Participants:

Norges Bank (organiser)	Nordic Trustee ASA
DNB Bank ASA	Verdipapirfondenes forening
Handelsbanken	Oslo kommune
Skandinaviska Enskilda Banken AB – SEB	Storebrand Asset Management AS
SpareBank 1 Nord-Norge	Equinor ASA
SpareBank 1 SMN	Danske Bank
Nordea Bank	KLP Kapitalforvaltning AS
Kommunalbanken AS	Swedbank
SpareBank 1 SR-Bank	Sparebank 1 Boligkreditt

Minutes:

Initially, Norges Bank started the meeting by presenting the agenda.

Norges Bank gave an orientation on the market developments in the Nowa rate since the previous meeting in September 2020. The market turnover fell when Norges Bank introduced extraordinary F-loans during the market turmoil in March 2020. Then, from September, the turnover increased again after Norges Bank started phasing out the extraordinary F-loans. The turnover also increased somewhat in September during a period of uneven distribution of liquidity in the interbank market. Neither the market turmoil in March nor the uneven distribution of liquidity in September led to any movements in the Nowa rate. It has been close to the key policy rate since Norges Bank took over as administrator on 2 January 2020.

Norges Bank then gave an update on its work on the compounded index and averages for Nowa. The purpose of these products is to give the market a standardised data source when using Nowa as an alternative reference rate. Both the compounded index and the compounded averages for periods of 1, 3, and 6 months are to be published daily at 9 am CET to Norges Bank's API for open data and webpages, simultaneously with the Nowa rate from the previous day. Norges Bank aims to begin publishing these products after Easter 2021. A participant from the Working Group on Alternative Reference Rates (ARR) commented that the working group is looking forward to the index and compounded averages, and that the products will accommodate the use of Nowa as an alternative reference rate.

Norges Bank then informed about that Norges Bank is working on a procedure for a fallback in a scenario where Nowa ceases to exist. Such a procedure is important to have in place for Nowa to be used as an alternative reference rate. ARR is working to establish an OIS market for Nowa in NOK. For that purpose, it is important to have a procedure that follows ISDA's framework. The procedure states that if a situation arises where Nowa ceases to exist, then Norges Bank may recommend a fallback rate. If Norges Bank refrains from coming up with a fallback rate, then Nowa will be replaced with the key rate. Norges Bank may consult with the user group before making any recommendation.

Finally, participants of the user group were encouraged to provide input or ask questions. None of the participants provided any input and therefore the meeting ended. The next meeting is scheduled for 29 September 2021.