



NORGES BANK

Working group for alternative reference rates

Date: 28. januar 2021

Your ref.:

Our ref.: 19/00820

## Fallback rate for Nowa

We refer to the letter of 26 January 2021 regarding a fallback rate in the event of a cessation of the overnight rate Nowa.

The working group for alternative reference rates (ARR) has requested that as administrator of Nowa, Norges Bank prepare and publish a procedure for what is to happen in the event of a cessation of Nowa. ARR proposes that Norges Bank base this on the European Central Bank's (ECB) procedure for the alternative reference rate €STR. Under the proposal, the procedure for Nowa is to include an option for Norges Bank to recommend a fallback rate in the event of a cessation of Nowa.

Norges Bank will, as soon as possible, and no later than the first half of 2021, prepare and publish a fallback procedure for the eventuality that Nowa ceases to exist. The procedure will be in line with the recommendation by ARR.

Sincerely

Olav Andreas Bø  
Executive Director

Ketil Johan Rakkestad  
Director

*Elektronisk signert / Signed electronically:  
28 January 2021, Olav Andreas Bø  
28 January 2021, Ketil Johan Rakkestad*