

**UPDATE:**  
**ESTABLISHING AN OVERNIGHT INDEX SWAP  
(OIS) MARKET IN NOK**

WORKING GROUP ON ALTERNATIVE REFERENCE  
RATES FOR THE NORWEGIAN KRONE

OCT 2021

In its June 2021 update, the working group gave an updated timeline for the establishment of the OIS market. This timeline set the following targets:

- Q2: The required supplements to the 2006 ISDA Definitions are expected to be in place within Q2.
  
- Q3: With the required Rate Options in place, this should allow
  - Bilateral trading of NOWA-linked derivatives
  - Publication of indicative prices by interdealer brokers
  - Bloomberg/Tradeweb to develop support for NOWA trading
  - MarkitSERV to add MarkitWire support for NOWA derivatives
  
- Q4: LCH to add clearing support for NOWA in November release, thus completing all steps required for a fully functioning market.

## Progress to date

The working group is pleased to say that the required NOK-NOWA Floating Rate Options are now incorporated into ISDA Definitions. Some bilateral test trades have now been executed between banks, and indicative prices are set to be published by interdealer brokers from 1<sup>st</sup> October 2021.

In addition to this, MarkitSERV is scheduled to add MarkitWire support for NOWA derivatives in its October release, and the relevant electronic trading platforms remain committed to supporting the NOWA market once clearing is established.

In an update to previous communication LCH is targeting the first release of the year in April 2022 to support the clearing of NOK NOWA OIS out to 16Y. A 2021 delivery is no longer feasible due to needing to focus on the upcoming LIBOR conversion events, including all of the development and testing work that the delivery of those events entails. LCH remains committed to supporting the NOK market but unfortunately the demands of ensuring this year's conversion events have sufficient focus has resulted in adjustments to its roadmap for the rest of the year.

## Conclusion

Good progress continues to be made towards establishing an OIS market in NOK. Bilateral trading is now possible under ISDA language, broker screens are live as of October 1<sup>st</sup> and MarkitWire support is scheduled to come shortly. In its last update the working group had targeted Q4 2021 as the goal for completing the remaining steps in the NOK OIS market infrastructure build out. With LCH now targeting April 2022 to support clearing, the working group now aims to complete the remaining steps of the build out during the first half of 2022.