

Working group for alternative reference rates in NOK
Meeting minutes
Monday 9 December 2019
Norges Bank – Bankplassen 2

Attendees:

Jørgen Gudmundsson	
Ulrik Sandvig	Danske Bank
Vidar Knudsen	DNB Bank
Wenche Vatnan	Handelsbanken
Karolina Thyman	Nordea Bank ABP
Jenny Ramstedt	Skandinaviske Enskilda Banken AB
Dag Olav Uddu	Sparebankene SMN, Nord-Norge og Østlandet
Joakim Henriks	Swedbank
Dag Hjelle	SR Bank
John Hopp (via telephone)	Sparebanken Vest
Michael H. Cook	Finance Norway (observer)
Joar Johnsen	Finance Norway (observer)
Kathrine Lund	Norges Bank (observer)
Marit Øwre-Johnsen	Norges Bank (observer)
Kjetil Stiansen	Norges Bank (observer)

Minutes:

At the start of the meeting, the working group voted to elect a new chair. Vidar Knudsen of DNB was unanimously elected to replace Jørgen Gudmundsson, who is stepping down as chair at year-end 2019.

During the remainder of the meeting, the working group discussed and reached agreement on the composition of the new sub-groups and on its further work on alternative reference rates. Norges Bank presented an overview of applications received to join the three sub-groups: (1) Fallback solutions in contracts with Nibor as benchmark, (2) Market standards for financial contracts with Nowa and (3) Establishing an OIS market in NOK. The response received from potential Norwegian and international market participants has been positive, but the working group pointed out that it may be useful to send an invitation to join the sub-groups to the Norwegian CSD, the Norwegian Securities Dealers Association and the Norwegian Fund and Asset Management Association. Norges Bank will send out the invitations after the meeting.

The working group agreed that all participants in the working group must be active members and it will decline requests for observer status from entities other than public authorities and Finance Norway. Finanstilsynet (Financial Supervisory Authority of Norway) has declined to participate as observer in the sub-groups.

Regarding the organisation of its work, the working group discussed merging groups (1) and (2) to form one group: “Market standards and fallback solutions”, to ensure better coordination and common solutions.

The working group then discussed the choice of secretariat and who should head the sub-groups. For the sub-group “Market standards and fallback solutions”, Henning Nilsen in SpareBank 1 Boligkreditt was proposed and approved as head. The working group pointed out that it would be natural for Finance Norway to take on the role of secretariat. Finance Norway will reply to the request.

For the sub-group “Establishing an OIS market in NOK”, it was agreed that Norges Bank would undertake a secretariat function. Timothy Fitzgerald of DNB Markets was proposed as head. DNB will reply to the request. The working group pointed out that it may be useful for Norges Bank to have observer status in both of the sub-groups.

The working group will draw up a draft mandate for each of the sub-groups, which will be sent to the members of the two sub-groups prior to the first meeting. The sub-groups will have the opportunity to adjust the mandate before approval by the working group. The members of the working group agreed that the sub-groups should aim to deliver an end of project report with recommendations by end-2020. The first meeting of the sub-groups should be held in January and should be called as soon as possible. Members of the working group on alternative reference rates will participate in the first meeting of both of the sub-groups to inform about the work so far, clarify expectations and answer any questions.

A number of international market participants have also expressed their interest in participating in the sub-groups. The working group agreed that the most appropriate course would be to form an international consultation group for these participants, which could provide assistance in certain areas of its work.