

Working group for alternative NOK reference rates
Meeting minutes
Thursday, 10 December 2020
Video conference

Attendees:

Vidar Knudsen	DNB Bank
Espen Teie	Danske Bank
Patrick Johansen	Danske Bank
Christian Heggen	DNB Markets
Timothy Fitzgerald	DNB Markets
Jan Bjørnsen	Handelsbanken
Wenche Vatnan	Handelsbanken
Karolina Thyman	Nordea Bank Abp
Jenny Ramstedt	Skandinaviska Enskilda Banken AB
Dag Olav Uddu	Sparebankene SMN, Nord-Norge and Østlandet
Henning Nilsen	Sparebank 1 Boligkreditt
John Hopp	Sparebanken Vest
Dag Hjelle	SR Bank
Joakim Henriks	Swedbank
Michael Hurum Cook	Finance Norway (observer)
Kathrine Lund	Norges Bank (observer)
Kjetil Stiansen	Norges Bank (observer)
May-Iren Wassås	Norges Bank (observer)
Fride Marie Pedersen	Norges Bank (observer)

Minutes:

Vidar Knudsen (DNB Bank) presented the meeting agenda, after which Henning Nilsen (Sparebank 1 Boligkreditt) reviewed the responses to the previous consultation report, “Fallback solutions and term- and spread-adjustment between Nibor and Nowa in the event of a cessation of Nibor”. The respondents largely supported the working group’s recommendations. Several respondents stressed the importance of being close to international conventions and the work of ISDA.

Henning Nilsen, Christian Heggen (DNB Markets) and Jan Bjørnsen (Handelsbanken) reviewed the draft of the final report on market conventions and fallback solutions. The report is to provide recommendations on the market conventions and fallback solutions applicable to Nowa as an alternative reference rate. After the consultation reports were published earlier in 2020, the sub-group held meetings with both ISDA and Bloomberg. It was ISDA’s view that the recommendations that had been circulated for comment appear to be reasonable, since they are close to their own recommendations. The final report contained only minor changes to the recommendations in the consultation reports. Section 3.8 has been added, which discusses possibilities for contracts that include a minimum level/floor for Nowa. It was also further specified what would happen in the event of a cessation of Nibor tenors that cannot be interpolated. In addition, it was specified when the median adjustment is to take place in the event the fallback clause is triggered.

Timothy Fitzgerald (DNB Markets) then reviewed the draft of the final report, “Establishing an OIS market in NOK”. Based on the responses to the consultation report published in June, there is broad support for the establishment of an OIS market. This report will also contain

only minor changes compared with the consultation report, which was published in June 2020. The sub-group also intends to hold coordinating meetings with ISDA. The aim is to publish both final reports during the week of 14 December.

The working groups then discussed updated material from the two sub-groups and the way forward. It was decided that both sub-groups would continue their work. The sub-group for market conventions and fallback solutions intends to follow up the recommendations in the final report. The sub-group will play a coordinating role and provide the market with regular status updates. It also plans to monitor global developments and follow up its working relationship with both ISDA and Bloomberg. The sub-group for establishing an OIS market in NOK intends to keep the market updated on the status of its work and will also maintain contact with relevant participants, such as clearing houses and trading platforms. The objective is to establish an OIS market from 2021 Q3.