

**Working group for alternative reference rates in NOK**  
**Meeting minutes**  
**Tuesday, 12 June 2018**  
**Norges Bank – Bankplassen 2**

**Present:**

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| Jørgen Gudmundsson  | <b>Sparebanken Vest</b>                          |
| Vidar Knudsen       | <b>DNB Bank</b>                                  |
| Olav Gunnes         | <b>DNB Bank</b>                                  |
| Nils Gunnar Baumann | <b>Nordea Bank AB</b>                            |
| Wenche Vatnan       | <b>Handelsbanken</b>                             |
| Jenny Ramstedt      | <b>Skandinaviske Enskilda Banken AB</b>          |
| Tore Waseng         | <b>Skandinaviske Enskilda Banken AB</b>          |
| Ulrik Sandvig       | <b>Danske Bank</b>                               |
| Eske Smidt          | <b>Danske Bank</b>                               |
| Dag Olav Uddu       | <b>Sparebankene SMN, Nord-Norge og Østlandet</b> |
| Dag Hjelle          | <b>Sparebank 1 SR-Bank</b>                       |
| Joakim Henriks      | <b>Swedbank</b>                                  |
| Kristian Semmen     | <b>Sparebank 1 Markets</b>                       |
| Michael Hurum Cook  | <b>Finance Norway (observer)</b>                 |
| Joar Johnsen        | <b>Finance Norway (observer)</b>                 |
| Tom Bernhardsen     | <b>Norges Bank (observer)</b>                    |
| Kjetil Stiansen     | <b>Norges Bank (observer)</b>                    |
| Kathrine Lund       | <b>Norges Bank (observer)</b>                    |

**Minutes:**

Jørgen Gudmundsson welcomed the attendees and presented the agenda. Swedbank was welcomed as a new member of the group. The group discussed the work ahead and agreed to arrange an open meeting at Norges Bank in the course of the autumn. The members also agreed to aim to publish a consultation report summarising the work so far in conjunction with this meeting.

Olav Gunnes (DNB Bank), Eske Smidt (Danske Bank) and Kristian Semmen (Sparebank 1 Markets) presented their views on the challenges of using risk-free overnight rates as a reference rate, highlighting in particular the possible problems related to maturities and the lack of a credit element in the new reference rates. The speakers also seemed to be in agreement that Nibor works well as a reference rate and that the degree of judgement was an important factor, particularly in periods of considerable financial market turbulence. They also pointed out that the overnight rate in NOK, NOWA, often rises markedly at quarter- and year-end, to the extent that both monthly and quarterly averages are affected. Because of this, NOWA does not seem, in their view, to be suitable as a reference rate. At the same time, the rate banks need to use as a reference when they provide loans must be one that reflects their funding costs. Thus, in working to find alternative reference rates, it is important to consider the needs a reference rate should fulfil. Another challenge that was identified was the limited size of the Norwegian market, which might make it difficult to develop sufficient liquidity in any new derivatives referencing the new rate.

The members agreed to discuss the criteria for the selection of a new reference rate and identify candidate interest rates in the light of these criteria at the next meeting.