

**Working group for alternative reference rates in NOK**  
**Meeting minutes**  
**Thursday 11 June 2020**  
**Video conference**

**Attendees:**

Vidar Knudsen	<b>DNB Bank</b>
Ulrik Sandvig	<b>Danske Bank</b>
Christian Heggen	<b>DNB Markets</b>
Timothy Fitzgerald	<b>DNB Markets</b>
Wenche Vatnan	<b>Handelsbanken</b>
Karolina Thyman	<b>Nordea Bank ABP</b>
Jenny Ramstedt	<b>Skandinaviske Enskilda Banken AB</b>
Dag Olav Uddu	<b>Sparebankene SMN, Nord-Norge og Østlandet</b>
Henning Nilsen	<b>Sparebank 1 Boligkreditt</b>
John Hopp	<b>Sparebanken Vest</b>
Dag Hjelle	<b>SR Bank</b>
Joakim Henriks	<b>Swedbank</b>
Joar Johnsen	<b>Finans Norge</b> (observer)
Kathrine Lund	<b>Norges Bank</b> (observer)
Marit Øwre-Johnsen	<b>Norges Bank</b> (observer)
Kjetil Stiansen	<b>Norges Bank</b> (observer)
May-Iren Walstad	<b>Norges Bank</b> (observer)

**Minutes:**

By way of introduction, Vidar Knudsen (DNB Bank) welcomed the attendees to the first meeting of the working group after a hiatus. Video conferencing was used because of the Covid-19 pandemic. Knudsen gave a brief account of the decision to send a letter to Norges Bank, requesting that the Bank calculate and publish Nowa indexes. The letter had been distributed and approved by e-mail by all of the members of the working group prior to submission. The letter will be published on the working groups' pages on Norges Bank's website. Knudsen informed the working group that Norges Bank had replied to the letter, was favourably disposed to the working group's request and would further examine how this could be done.

Timothy Fitzgerald (DNB Markets), head of the sub-group working on the establishment of an OIS market in NOK, then presented a progress report on the sub-group's work. The sub-group has drawn up a draft consultation document, which should be ready for submission to the working group before summer. The working group has conducted a survey of market participants, which shows that many support developing a derivatives market based on Nowa as a reference rate. However, there are a number of challenges related to, for example, technical solutions, liquidity and clearing that will have to be addressed. These issues will be described in further detail in the report.

Henning Nilsen (Sparebank 1 Boligkreditt), head of the other sub-group [Sub-group for market conventions and fallback solutions], then presented an update on the sub-group's work and a brief update on the most important international milestones. Despite some delays as a result of the Covid-19 pandemic, there is no doubt that the changeover from IBOR rates to the new reference rates is continuing apace globally. It is still likely that Libor will disappear at the end of 2021, particularly for GBP and USD. The working group is planning a stepwise publication of consultation documents. The consultation document on market conventions for the use of Nowa will be published first. The sub-group wishes to incorporate the consultation responses into the next consultation document on how Nowa can replace Nibor in existing contracts if this should become necessary at some point. This document will also address what could trigger such a transition and how to deal with the credit and term premium differences between the two reference rates.

The rest of the meeting was devoted to a presentation of the draft consultation report on market conventions for financial products with Nowa as a reference rate. Christian Heggen (DNB Markets) has had the primary responsibility for drafting the report. The working group has, as far as possible, attempted to align the report with the conventions and international practice recommended by the International Swaps and Derivatives Association (ISDA). The working group has also wanted to have the same market conventions for different financial products. The working group took note of the report and made no substantial comments. It was concluded that the report was a sound review of the various issues and the working group supported the recommendations presented. The report will be published towards the end of June. The closing date of the consultation was briefly discussed. A number of the attendees stressed that market participants should be given sufficient time to submit feedback on the report and that the closing date should be extended on account of summer holidays. It was decided that the closing date for comments on the report should be 1 September.