

Principles for calculating and publishing Nowa

Norges Bank is the administrator of Nowa (Norwegian Overnight Weighted Average) and has primary responsibility for the principles for setting this reference rate.

This document specifies the data, definition, calculation method and routines for publishing Nowa. The principles for calculating and publishing Nowa are based on [the IOSCO Principles for financial benchmarks](#).

The principles for calculating and publishing Nowa will enter into force on 1 January 2020.

1. Definition

Nowa is the interest rate on unsecured overnight interbank loans between banks that are active in the Norwegian overnight market.

2. Data and calculation method

2.1. Data

Nowa is calculated on the basis of daily transaction data reported on Norges Bank's RPD¹ (money market data reporting) form. Unsecured loans between banks that report data on a daily basis to Norges Bank made on banking day T, with maturity T+1 constitute the dataset for calculating Nowa. Loans with a nominal value of less than NOK 10 million or where Norges Bank is a counterparty are not included.

2.2. Calculation method

Nowa is calculated as a volume-weighted average of the interest rate on daily transactions.

2.3. Contingency method

Nowa is calculated using the contingency method if one of the following criteria is met:

- Fewer than three banks have lent
- Fewer than three banks have borrowed
- Total transaction volume is less than NOK 1 billion

The alternative data consist of:

- Transactions for reporting date T that meet the criteria in 2.1
- Transactions included in Nowa for the previous reporting date (T-1), where the interest rate on loans is adjusted for changes in the policy rate, if any

If there are no transactions on reporting date T, the interest rate from the previous reporting date (T-1) will be used, adjusted for changes in the policy rate, if any.

3. Publication and data availability

3.1. Daily publication

Nowa is published at 9:00² am on all Norwegian banking days. Nowa is published as an annualised interest rate (ACT/365) rounded to two decimal places.

¹ See [Norges Bank's website](#) for more information about the reporting of money market data.

² During a transition period until 1 March 2020, Nowa will be published at 1:00 pm.

The following information about the data for calculating Nowa is published together with the rate:

- Total transaction volume for reporting date T
- Number of transactions (deposits and loans)
- Number of banks with transactions (deposits and loans)
- Information on whether the normal or the alternative data has been used

Norges Bank will post a notice on its website if publication is delayed for technical reasons.

3.2. Amendment and republication

Nowa will be republished if the latest available transaction base results in a deviation from the published rate greater than 2 basis points.

Republication will take place by 11:00³ am the same day, after which Nowa will not be amended for that transaction date.

3.3. Data availability

Nowa is published on [Norges Bank's website](#). No licence is required for the use of the data.

4. Control of data quality

Data reported on RPD forms undergo automated controls and validation. All transactions included in the data for calculating Nowa are verified manually by Norges Bank prior to publication.

In the event of a suspected reporting error, Norges Bank will, in the time period between receipt of the data and publication of Nowa, seek to clarify any error with the reporting bank.

Transactions that cannot be validated prior to publication may be omitted from the data for calculating Nowa.

Norges Bank will publish a quarterly summary of any errors in the data that have been discovered but that did not result in a republication of Nowa in accordance with the criteria in 3.2.

5. Changes to the method for calculating Nowa

Norges Bank will regularly assess the need for changes to the principles for calculating and publishing Nowa. Input from the user group will be a part of this assessment (see 6).

Changes to the method for calculating Nowa will be announced on Norges Bank's website.

6. User group for Nowa

Representatives of banks that report money market transaction data on a daily basis and Nowa users meet regularly as a user group to provide input to the administrator on how the method for calculating Nowa is functioning.

Information shared with the user group is not confidential. Minutes of user group meetings will be published.

³ During a transition period until 1 March 2020, 3:00 pm is the deadline for amendments.