

Summary of Meeting Conclusions

Summary of conclusions of the Nibor Oversight Committee (NOC) 14 March 2023 meeting

Participants

Egil Sjursen (chair)
Gernot Doppelhofer, NHH (deputy chair)
Hallvard Mørck, NHO
Tore Waseng, SEB
Kyrre Aamdal, DNB Bank
Ottar Strompdal, Nordea Bank
Dag Olav Uddu

Excused

None

Adoption of the meeting agenda

The committee adopted the meeting agenda, and the members declared no potential conflict of interest.

Conclusions from the NOC meeting 14 December 2022

The committee had no additional comments to the items referred in the meeting conclusions from the 14 December 2022 meeting.

Conclusion from last meeting in Nibor Advisory Committee

NOC took note of the conclusions from the last NAC meeting.

Nibor – Developments since last NOC meeting

The administration gave an update on the developments in financial markets, Nibor and the Nibor submissions since the last committee meeting. NOC concluded that the development of Nibor seemed to reflect the underlying market.

Periodic reporting

- a) NoRe Compliance Officer
NOC was presented a quarterly report from the NoRe Compliance Officer.

- b) Calculation Agent
NOC was presented the quarterly report from the calculation agent covering the period November 2022 – January 2023.

NOC took note of the periodic reporting from the Nibor Compliance function and the calculation agent.

Nibor 2022 – NOC's yearly evaluation

Nibor Oversight Committee (NOC)'s mandate is to oversee, how the combined rules and regulations related to Nibor are being adhered to. In particular, the Committee is responsible for the annual review of the underlying market which Nibor is intended to reflect and for determining

the fitness of the Nibor methodology. The Committee's assessment and overall conclusions will be conveyed to the Board of NoRe.

NOC has had four meetings during 2022. There was no email-based handling of urgent matters during 2022.

2022 turned out to be a challenging year with major movements in interest rates. Norges Bank, the Central bank of Norway, increased rates several times to combat inflation, the same development we experienced in most western countries. During 2022, the Administrator provided NOC with weekly NIBOR reports. These comprehensive reports have allowed NOC to keep constantly updated as to relevant market and rate developments. The Administrator has, upon request from NOC, continuously developed and improved information sent to NOC.

NOC has also been updated about the development in regulation, both nationally and at European level. In 2021, the EU Commission concluded that that Nibor was defined as a critical benchmark under the BMR requirements, and thus added to the list of such benchmarks. This decision was then included in the EEA agreement and entered into Norwegian law in December 2021. Following the classification as a critical benchmark, a number of policies have been revised during 2021 and 2022. Administrators of critical benchmark rates also need to be audited annually by an external auditor. In 2022, the Administrator was audited by EY.

The Administrator continues to follow up, and notify NOC, on relevant regulations, as well as the expanded role of the Financial Supervisory Authority (FSA) following the changes done in 2021. The FSA conducted an onsite supervision and control of the Administrator in September 2022. NOC is expecting to receive a final report during 2023.

NOC has also received satisfactory assessments and reporting from the NoRe administrator, the NoRe Compliance function and from GRSS as the agent. The Compliance function is about to be outsourced, and this will strengthen the stability and continuity of the function.

The Covid-19 situation continued to impact financial markets also during 2022. It is important to underline with satisfaction that the panel banks have all contributed to an orderly fixing of the Nibor rates every business day of 2022. The rates for the Nibor-tenors did not show any suspicious developments, and this reinforces the impression of a robust regime around the fixing of rates. This seems to be the case also during periods of market volatility. The Administrator with support from GRSS has also investigated both the different banks contributions, as well as the consistency of the Nibor rates with USD and EUR rates, as well as related fx forwards. The ongoing analysis has been expanded and is in general more comprehensive. The Committee find that Nibor did reflect the relevant market also through 2022.

The administrator has during 2022 had onsite visits to all panel banks. None of these visits have revealed any reasons for concern. Reports from the surveillance by GRSS have been distributed. No suspicious behavior in the setting of the Nibor rates during 2022 has been discovered. No complains have been received. NoRe Compliance Officer has confirmed the assessment of adequate control activities.

NOC has also assessed the Nibor framework as such, based upon reporting from the administrator. NOC has found that received reports continues to be suitable for its intended purpose. NOC also appreciate the Nibor training program developed and delivered towards the panel banks and towards the FSA.

Conclusion:

The Nibor Oversight Committee acknowledge the receipt of various reports from GRSS and from NoRe as the Nibor administrator. In combination these reports are seen as sufficient for the NOC assessment under the applicable laws and regulations for the year 2022. The Committee's assessment is that Nibor reflected the relevant market also through 2022 and the committee's conclusion is that the current benchmark methodology continues to be suitable for its intended purpose.

The Nibor Oversight Committee concludes that Nibor has been well managed during 2022 and commended NoRe as administrator for the accomplishments through the year.

The committee would like the administrator to assess the publication of relevant documents and reports related to control activities in the same matter as for previous years. The chair was mandated to decide on this matter.

Annual review of the Nibor Framework – 2nd phase

NOC supported the administration's assessment of documents for review and took note of the administrator's review of markets and developments in Nibor during 2022. There were no further questions or notes from NOC related to the above.

Nibor Input Data Integrity Policy – risk assessments

NOC had no comments to the presented draft of a new "Nibor Input Data Integrity Policy" based on the RTS 2021/1351 and took note of the risk assessments provided.

Other ongoing processes

a) On-site supervision of NoRe 29.09.2023

The administration referred to the information given in the background note. The final report from Finanstilsynet is expected to be published on Finanstilsynet's webpages by the end of March.

b) BMR audit for panel banks and administrator in 2022

The administration referred to the information given in the background note.

Both NoRe and all the panel banks are preparing for their 2023 BMR audits.

c) Bilateral meetings with panel banks in 2023

The administration referred to the information given in the background note.

NOC took note of the information provided under other ongoing processes.

Meeting Schedule

For the next 12 months, it was decided to that NOC will meet on the following dates:

- 07.06.2023
- 07.09.2023
- 06.12.2023
- 13.03.2024

AOB

No issues were raised.