

# Danish Benchmarks Oversight Committee Meeting

*Danish Financial Benchmark Facility, Amaliegade 7, 1256 Copenhagen K*

**6 December 2019, 11:00 – 14:30 CET**

## **Participants:**

**Chair:** Neil Donaldson (GRSS) - voting member (ND)  
Sandy Robertson (DFBF) - non-voting member (SR)  
Søren Kjeldsgaard (Nykredit) – voting member (SK)  
Steen Qvist Jørgensen (Jyske Bank) – voting member (SQJ)  
Morten Frederiksen (FIDA) – voting member (MF)  
Gregory Campbell (independent) – voting member (GC)  
Christine E. Habel (independent) – voting member (CEH)

**DFBF Secretariat:** Eva Kops (DFBF) (EK)

## **Invited attendees:**

Mark Beaumont (DFBF) (MB)  
Jesper Mortensen (DFBF) (JM)  
Andrej Chudožilov (CFBF) (AC)  
Tomáš Kvapil (CFBF) (TK)

## **Supporting materials:**

- a. DFBF 17011 CIBOR Tom/Next Panel Bank Code of Conduct
- b. DFBF 17013 OC rules and procedures
- c. DFBF 17015 OC terms of reference
- d. DFBF 17034 CIBOR Calculation Methodology
- e. DFBF 17035 Tom/Next Calculation Methodology
- f. DFBF 17033 CITA SWAP Panel Bank Code of Conduct
- g. DFBF 17036 CITA Calculation Methodology
- h. DFBF 17037 SWAP Calculation Methodology
- i. European Benchmark Regulations (BMR)
- j. Regulatory Technical Standards (RTS) to BMR

## **Minutes of the Meeting**

### **I) Introduction**

a) *Introductory remarks by Chair*

- ND welcomed members to the first Oversight Committee meeting of the DFBF. He acknowledged that although not authorised by the FSA and therefore the Committee was not yet truly empowered, for good orders sake he intended to chair the meeting in the normal formal standardised manner that would prevail for future meetings now that we are operating in a regulated environment.

- ND asked each member of the Committee to individually introduce themselves.
- Given the earlier reference to the issue of formal authorisation by the FSA, ND asked JM to update the Committee on this topic, following a meeting held the previous day with the FSA.
- JM duly gave a short update in which the FSA indicated that authorisation would be granted on Wednesday 11th December 2019. JM briefly discussed the process of how the handover from FIDA to the new Administrator would take place. A short discussion on timing then ensued, and it was agreed by the Committee that December 31st, 2019 would be the most suitable day for DFBF to 'go live' as Administrator.
- ND named the members with voting rights and declared that the quorum for this purpose had been met.

*b) Overview of agenda*

- ND provided an overview of the agenda and highlighted that at each OC meeting, members will be requested to declare any potential 'conflict of interest'.
- No members present declared any conflict of interest to the meeting's agenda.
- ND then referred the Committee to the 'Terms of Reference' document more generally as well as DFBF 17013 – 'OC Rules and Procedures' to stress the importance that members understood clearly their responsibility. ND then gave an overview of what he believed this to be namely:
  - to support the integrity, reliability and accuracy of the Benchmark's being overseen
  - the development and evolution of the Benchmarks to ensure they remain fit for purpose and as robust as possible to correctly measure the underlying market for which they are intended.
- MB spoke on behalf of the Board. He stressed his pleasure at the make-up of the Committee and thanked members for their commitment in undertaking the role. MB then endorsed the comments made by ND in his introduction as to the level of responsibility undertaken by the Committee as the Benchmarks become formally regulated.

**II) Oversight & Determination Methodology**

*Operational Metric report – presented by AC and TK*

- Based on 2 month's worth of data, AC presented the Metric report highlighting the occasions when Panel Bank's had been 'flagged' as well as what would have been flagged if some proposed tests were already applied.
- AC detailed evidence of the various pre-calculation checks performed with suggested levels.
- Specific attention was given to the level of volatility that prevails in the Tom/Next contributions.
- The discussion on the various threshold levels concluded that the Committee agreed with the initial proposed levels but required further evidence of data over a longer-term period, which would be provided at the next OC meeting.

### III) **Governance, Regulatory & Supervisory Issues**

#### *Review of governance artefacts and other documentation*

- SR noted that as this was the first OC meeting and that the DFBB was not yet authorised, there was no Compliance Review work to be shared with the Committee. However, he gave an overview of the standard Compliance reporting that would be produced on a regular basis for forthcoming periodic OC meetings.

### IV) **Evolution of Danish Benchmarks**

- ND spoke further on the requirement of the Committee to focus on the important topic of the evolution of the Benchmarks namely:
  - Aspects of the determination methodology and definition – what changes can be implemented to make the respective benchmarks as robust as possible to capture more transactional evidence?
  - Market dynamics – ongoing review to ensure the benchmarks are still ‘fit for purpose’ and an accurate measurement of the underlying market
  - Formation of Panel Bank Working Group (PBWG) to encourage involvement of Panel Banks to determine proposed changes.
  - Interaction with proposals for alternative reference rates and RFR’s

### V) **Board & Stakeholder Communication**

- MB spoke and stressed the need for the DFBB to provide good communication, where appropriate with identified Stakeholders.
- For the purposes of the notification regarding the formal authorisation of the DFBB as Administrator of the Benchmarks this identified group would be duly contacted by the DFBB.

### VI) **Any other Business**

#### *a) Benchmark Statement*

- MB explained that due to the previous day’s meeting with the FSA regarding the timing of authorisation, it was now urgent to have prepared the ‘public-facing’ Benchmark statement document agreed with the FSA.

#### *b) Schedule of next OC meetings*

- ND highlighted that the normal schedule of meetings is held on a quarterly basis.
- It was agreed by the Committee that the schedule would be as follows:
  - Tuesday 28<sup>th</sup> January 2020
  - Thursday 5<sup>th</sup> March 2020
  - Thursday 4<sup>th</sup> June 2020
  - Thursday 10<sup>th</sup> September 2020

- Thursday 03<sup>rd</sup> December 2020
- There were no further topics for discussion and the meeting was duly closed.