

DFBF Benchmarks  
Post Publication Re-determination Policy  
Date: October 2019



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# 1 Introduction

This policy has been developed to outline the steps the DFBF, as administrator of the Benchmarks<sup>1</sup>, will take in situations where erroneous Benchmark data has been discovered to have been published. The rationale in respect to developing this re-determination policy balances the inconvenience to end-users of a re-determination (and the potential for market disruption) with the overriding requirement that the Benchmarks must be an accurate reflection of the underlying economic reality that it is designed to measure.

Variations beyond a prescribed threshold would trigger a re-determination and distribution of new Benchmark values (re-determined values).

Re-determination of rates will only take place on the day of publication and within a timeframe determined by the DFBF and endorsed by the Benchmarks Oversight Committee.

This policy describes;

- Governance of the policy
- Rationale for re-determination
- Examples of erroneous data and Benchmark calculation errors
- Thresholds for re-determination,
- Processes and procedures for re-determination
- Notifications to the market
- Record keeping

## 2 Governance

The re-determination policy will be the responsibility of the DFBF Board.

The Benchmarks Oversight Committee will review and endorse the policy or make recommendations regarding how the policy could be improved.

The DFBF Secretariat will manage all operational procedures, and in the case of a re-determination will manage the processes in accordance with this policy.

Panel Banks, through their responsibilities outlined in the Panel Bank Code of Conduct, will be responsible for ensuring that any errors in Input Data are reported to the DFBF in accordance with this policy.

### 2.1 Policy Review

This policy will be reviewed on an annual basis.

## 3 Rationale for Re-determination Policy

In the case that the DFBF publishes Benchmark rates that do not accurately reflect the calculation methodology, and which would have a material effect on the users of the Benchmark, a re-determination of affected rates will allow any material errors to be corrected within a reasonable timeframe.

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<sup>1</sup> CIBOR ®, Tom/Next, CITA, SWAP

## 3.1 Examples of Potential Errors in the Benchmarks Publication

There are two principle reasons why the Benchmarks values published, during the normal course of operations may be erroneous as detailed in 3.1.1 and 3.1.2 below.

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### 3.1.1 CALCULATING AGENT CALCULATION ERROR OR DISTRIBUTION ERROR

The DFBF has policies and procedures to accurately capture Input Data from Panel Banks via secure connections.

Once collected, data validation processes check the incoming data for anomalies. The DFBF Helpdesk will, if required under its procedures, check any anomalous submissions directly with the Panel Bank and seek clarification on the validity of the Input Data.

The DFBF checks that the methodology is correctly applied via manual checks and compares this to the calculations made by the Calculating Agent and Contribution Platform. Once these checks are completed the final Benchmark rates are distributed to information vendors for publication. Checks are made at the time of publication to ensure that published rates correspond with the Calculating Agent and Contribution Platform and manual calculations.

Errors in the procedural calculation steps taken by the system, and the manual comparison checks made by operators could lead to errors in publication.

The Calculation Agent and Contribution Platform may, due to internal systems errors, publish rates different from those calculated and displayed to operators.

These errors would be discovered by verification checks against rates published by vendors and the system displayed rates.

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### 3.1.2 PANEL BANK ERROR WHEN SUBMITTING INPUT DATA

Erroneous Input Data by one or more Panel Banks may cause the final Benchmark value/s to be considered “materially altered” after the calculation methodology is applied.

Panel Banks are required to meet the Input Data rules as defined in the Panel Bank Code of Conduct. Panel Banks are required to have policies and procedures to ensure Input Data meets the criteria set down by the DFBF.

There are two potential opportunities for erroneous Input Data;

- I. Panel Banks have erroneously supplied Input Data to the calculating agent (incorrect submission) and have not been able to remediate prior to the cut off time for submissions or have discovered this after the calculation methodology has been applied
- II. Panel Banks have used an automated method to submit Input Data to the Calculating Agent and Contribution Platform and through this process erroneous Input Data was submitted and could not be remediated prior to the cut off time for submissions.

## 4 Threshold for Re-determination

The DFBF and the Oversight Committee have considered the implications of a re-determination of one or more tenor rates sometime after publication and the impact on users of the Benchmarks<sup>2</sup> in making such a change.

The Benchmark Oversight Committee has determined that beyond an agreed threshold for each tenor, a re-determination should take place for any affected tenor.

The thresholds for a re-determination for each tenor value are as follows;

### 4.1 CIBOR

1 week	> +/- 1 basis points
2 weeks	> +/- 1 basis points
1 month	> +/- 1 basis points
2 months	> +/- 1 basis points
3 months	> +/- 1 basis points
6 months	> +/- 1 basis points
9 months	> +/- 1 basis points
1 year	> +/- 1 basis points

### 4.2 Tom/Next

Tom/Next	> +/- 1 basis points
Volume	N/A

### 4.3 SWAP

2 years	> +/- 2 basis points
3 years	> +/- 2 basis points
4 years	> +/- 2 basis points
5 years	> +/- 2 basis points
6 years	> +/- 2 basis points
7 years	> +/- 2 basis points
8 years	> +/- 2 basis points
9 years	> +/- 2 basis points

<sup>2</sup> CIBOR ®, Tom/Next, CITA, SWAP

10 years	> +/- 2 basis points
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#### 4.4 CITA

1 month	> +/- 2 basis points
2 months	> +/- 2 basis points
3 months	> +/- 2 basis points
6 months	> +/- 2 basis points
9 months	> +/- 2 basis points
12 months	> +/- 2 basis points

#### 4.5 Variations to Threshold Values

The Benchmark Oversight Committee is responsible for making recommendations to the DFBF Board for changes to the threshold levels. Once approved by the DFBF Board, the re-determination policy will be updated and all stakeholders notified of the changes and the date when the changes will become effective.

#### 4.6 Example of Threshold Application

The following is an example of how the re-determination policy would be applied:

- The one-month tenor has been calculated based on all Input Data (for the one-month tenor) provided by Panel Banks. The rate -0.25 has been calculated and published at 11:00am.
- A Panel Bank contacts the DFBF and informs them that they have provided the wrong Input Data for the one-month tenor after the calculation. They provide new Input Data for the one-month tenor.
- The DFBF recalculates the one-month tenor, replacing the erroneous tenor value from the Panel Bank with the revised value.
- The new value for the one-month tenor is calculated at -0.28. The threshold for the one-month tenor is +/- 0.01
- This new value exceeds the change threshold and will result in the new value of -0.28 being published as a re-determined rate.

## 5 Process for Re-determination

The re-determination process will have a number of stages.

Benchmark	Timings	Actions
CIBOR Tom/Next CITA SWAP	11:00am – 1pm 12:00am- 1pm 11:00am – 1pm 11:30am – 1pm	Notification of erroneous data or Benchmark values
CIBOR Tom/Next CITA SWAP	1:00pm – 2:00pm 1:00pm – 2:00pm 1:00pm – 2:00pm 1:00pm – 2:00pm	Checks to determine if a tenor value meets threshold for re-determination
CIBOR Tom/Next CITA SWAP	2:00pm 2:00pm 2:00pm 2:00pm	Notification to stakeholders that a re-determination of a tenor value/s will take place
CIBOR Tom/Next CITA SWAP	3:00pm 3:00pm 3:00pm 3:00pm	DFBF will publish re-determined rates and all Panel Bank submissions to final Benchmark values

### 5.1 Notification of Erroneous Input Data by Panel Banks or the Benchmarks Calculations

Panel Banks have a responsibility to notify the DFBF immediately on discovery of erroneous Input Data.

Panel Banks will be able to notify the DFBF of any erroneous Input Data for the purposes of a re-determination calculation any-time after the initial publication and prior to 1:00pm each day. Any other erroneous Input Data reported outside of the notification period will be documented and presented to the Benchmarks Oversight Committee for consideration in the context of continuous improvement measures. Should the Benchmarks Oversight Committee determine that the erroneous data would have had a material effect on the Benchmarks rates then the details will be published on the DFBF website at [www.dfbf.dk](http://www.dfbf.dk)

### 5.2 Method of Notification

Panel Banks will provide details of the original tenor rate/s supplied and the corrected rate via a template provided by DFBF for this purpose. The Panel Bank will need to provide authorisation from the original submitter and a senior representative of the bank.

On receipt of the template the DFBF will contact the bank and confirm the corrected rate/s.

### 5.3 Determination of Corrected Benchmarks Values

DFBF operators will input the corrected rate/s into the Calculating Agent and Contribution Platform and determine new Benchmark values.

### 5.4 Threshold Comparison

DFBF Helpdesk Operators will compare the new Benchmark values against the published values and determine if the threshold for re-determination has been exceeded.

In the case that the value does not meet the threshold, no further action will be taken and no re-determination will occur. In the case that the threshold has been exceeded, preparations for the next steps in the re-determination process will be activated.

### 5.5 Internal DFBF Confirmation

The DFBF Manager will perform checks on the re-determination process and will confirm that a re-determination of one or more tenor values will take place. If the DFBF Manager is unavailable, then in such circumstances a member of the DFBF Board will provide confirmation.

### 5.6 Internal Communication

Upon confirmation, either by the DFBF Manager or DFBF Board member alternative, an email communication will be sent by that individual to the DFBF Secretariat, the DFBF Board and the DFBF Compliance Officer to inform the recipients that a re-determination of one or more tenor values will take place, providing a brief but clear description of the reason for the re-determination.

### 5.7 Market Communication

The DFBF will communicate to the market as soon as a re-determination is required, but no later than 2:00pm.

The means of communicating that a re-determination will take place includes;

1. An update on the DFBF website under the Benchmarks Re-determination page.
2. Email communications and telephone calls with information vendors to advise of a re-determination and for them to advise their customers via market alerts of a re-determination
3. Email to subscribers that a re-determination will take place via their key contact details.

### 5.8 Publication of Re-determined Values

The DFBF will republish all re-determined rates at 3:00pm.



## 6 Reporting

### 6.1 Calculating Agent Calculation Error or Distribution Error

Any incidents of calculation error or distribution error will be documented and reported to the Benchmarks Oversight Committee for consideration.

### 6.2 Panel Bank Reporting

The DFBB will request further information from the Panel Bank that provided erroneous Input Data and this will be evaluated by the DFBB Secretariat and will be reviewed by the Benchmarks Oversight Committee. Panel Banks must provide a root cause analysis of the error and procedures it intends to put in place to rectify the situation in the future.

### 6.3 DFBB Records

The DFBB will store the original published rates and the re-determined rates in its Calculating Agent and Contribution Platform. The final re-determined rate will be used for all analytical purposes as the official rate for that day.

### 6.4 Procedural Records

The DFBB will keep records of the following;

- Communications with the Panel Bank that advised of erroneous Input Data
- Template with corrected rates and internal sign off by the Panel Bank
- Procedural steps and internal sign-off by DFBB Helpdesk Operators on SharePoint
- Internal communication confirming the re-determination
- Incident report regarding re-determination.

## 7 Effect

These procedures detailed in this document shall take effect on 1<sup>st</sup> October 2019.