

Tom/Next Calculation Methodology

Date: June 2020

Original Release: October 2019



Contents

1	Definitions.....	3
2	Calculation of the Tom/Next Benchmark.....	4
2.1	Timings of Submissions/Calculations and Publication.....	4
2.2	Calculation Methodology and Contingency calculations.....	4
2.3	Quorum for Calculation.....	5
2.4	Re-fixing Due to Erroneous Submissions.....	5
2.5	Business Continuity Plan.....	5
3	Disclosure of and changes to the Methodology.....	6
4	Effect.....	6

Copyright © 2020 by Danish Financial Benchmark Facility ApS (DFBF) all rights reserved. This document or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the DFBF.

1 Definitions

For the purposes of the Tom/Next Calculation Methodology (hereinafter referred to as the "Methodology"), the following definitions shall apply:

- a) **"Benchmark Administrator"** shall mean the Danish Financial Benchmark Facility (DFBF)
- b) **"Benchmarks Oversight Committee"** shall mean the committee (**the Committee**) within the DFBF that has the primary governance oversight of the methodology, determination, and dissemination of the Benchmarks. The Committee's purpose is to support the integrity, accuracy, and reliability of the Benchmarks to the benefit of all users of the Benchmarks and reliant market participants.
- c) **"Panel Bank"** shall mean a bank which has been assigned the status of Panel Bank pursuant to Section 1 of the Panel Bank Code of Conduct and submits Input Data for the calculation of the Benchmarks;
- d) **"Input Data"** shall mean the definition of Input Data, and the priority of Input Data as described in the DFBF Code of Conduct – CIBOR and Tom/Next.
- e) **"The Benchmark"** shall mean Tom/Next,
- f) **"Tom/Next"** being the rate of interest at which a Panel Bank would lend DKK with starting value on the first Danish banking day after the day of entry and expiry on the second Danish banking day after the day of entry on an uncollateralized basis (i.e. unsecured interbank loan).
- g) **"DRP"** shall mean the Disaster Recovery Protocol.

2 Calculation of the Tom/Next Benchmark

2.1 Timings of Submissions/Calculations and Publication

The Input Data for the calculation of Tom/Next shall be submitted by Panel Banks to the DFBF every good business day (being defined as a day when banks are open in Denmark), by 10:00am local time, providing the weighted average interest rate for deposit lending undertaken from the previous day covering the time period from 9:00am to 17:00pm local time.

The DFBF shall check the formal correctness of the Input Data and notify the Panel Banks at 10:30 am of the reported traded volume. This constitutes the First Round of Tom/Next submission. If this figure is less than the required 3,000 million DKK, this amount must be supplemented with quoted rates provided by the Panel Banks for the shortfall, so that the required amount of 3,000 million DKK is met before publication. This constitutes the Second Round of Tom/Next submission.

The calculation of Tom/Next shall take place at 12:00pm local time.

Activity	Key Times
Submission time (First Round)	By 10:00am
Submission time (Second Round)	10:30am – 11:20am
Check Input Data accuracy	10:30am – 12:00pm
Submission deadline	11:55am
Calculation/Publication	12:00pm
DRP publication time	12:30pm
Reporting of errors	11:55am – 1:00pm
Notification of re-fix	2:00pm
Re-fix time	3:00pm
Publication of final submissions	Yes, if traded turnover volume <= 3000mil DKK

2.2 Calculation Methodology and Contingency calculations

Tom/Next shall be calculated for transactions with starting value on the first Danish banking day after the day of entry and expiry on the second Danish banking day after the day of entry with the act/360 convention.

Tom/Next shall be calculated as the volume weighted average rate of interest based on reporting, where each financial institution's interest rate is entered with a weight that corresponds to the institution's share of the overall deposit lending conducted for the previous day, rounded to four decimal places.

If the overall reported turnover is under the required amount of DKK 3,000 million, the actual reported turnover needs to be subtracted from DKK 3,000 million and the remaining amount is divided equally by the number of Panel Banks (6) that quote T/N interest rates. This amount must be rounded up to the nearest DKK million.

The submitted rate will therefore be the weighted average interest rate of both actual transactions and those synthetically created as described above.

Once announced and published, the Tom/Next rates shall be final, subject to the Post Publication Re-determination policy as described in 2.4.

Number of Submissions	Calculation Method and Contingency Calculations
Four or more banks contributing quotes when daily volume < DKK3,000 million	Volume weighted average of submissions received as of 11.55am
Three or less banks contributing quotes when daily volume < DKK3,000 million. Contingency	Volume weighted average of actual daily reported volume supplemented by quotes and volume from available panel banks and any difference, made up from the previous day's fixing to make the required volume of DKK 3,000 million, adjusted if necessary to reflect any formal change movement in the Central Bank Certificate of deposit rate since the last fixing.

2.3 Quorum for Calculation

The quorum is 4 submissions. In the case that less than 4 contributions are received the contingency procedure will apply.

2.4 Re-fixing Due to Erroneous Submissions

The DFBF may publish a re-determined Tom/Next rate before 3:00pm local time at the latest, having announced the intention to republish corrected Tom/Next by 2:00pm local time. Full details of this process are detailed in the DFBF 17028 Post Publication Re-Determination policy which is publicly available at www.dfbf.dk.

2.5 Business Continuity Plan

In-the-event that the DFBF 13001 Business Continuity Plan is initiated the Methodology applied for the calculation of Tom/Next will be unchanged.

3 Disclosure of and changes to the Methodology

This Methodology shall be published by the DFBF via its website www.dfbf.dk

The method for calculating the Benchmarks given in Section 2 may be changed by the DFBF upon recommendation by the Committee and in accordance with the DFBF 17018 Consultation Policy.

When amendments are made to the Methodology, the Panel Banks shall be given reasonable and adequate time to adjust their procedures and processes.

4 Effect

These procedures detailed in this document shall take effect on 10 June 2020.