

Danish Benchmarks Oversight Committee Meeting

Danish Financial Benchmark Facility, Amaliegade 7, 1256 Copenhagen K
8th December 2021 9.00 – 11.00 CET

Minutes

Participants:

Chair: Neil Donaldson (GRSS) - voting member (ND)
Martina Mozerova (DFBF) - non-voting member (MM)
Søren Kjeldsgaard (Nykredit) – voting member (SK)
Morten Frederiksen (FIDA) – voting member (MF)
Gregory Campbell (independent) – voting member (GC)
Christine E. Habel (independent) – voting member (CEH)
Nina Byrne (independent) – voting member (NB)
Tomáš Kvapil (CFBF) – non-voting member (TK)

DFBF Secretariat: Eva Kops (DFBF) (EK)

Invited attendees:

Andrej Chudožilov (CFBF) (AC)
Jesper Mortensen (DFBF) (JM)

Apologies:

Steen Qvist Jørgensen (Jyske Bank) – voting member (SQJ)

I. Introduction

- a) *Introductory remarks by Chair, who informed that SQJ would not be attending, however, the quorum was still met. TK was introduced as new non-voting OC member.*
- b) *Overview of agenda*
- c) *Declaration of potential conflicts of interest with respect to meeting agenda – none were noted.*
- d) *The minutes to the meeting of 8 Sep 2021 were approved with confirmation that all action items arising had been completed.*

II. Determination Methodology

- a) *Operational Metrics report – AC*

AC presented the Metrics report for the period 2 September – 1 December 2021 for the four respective benchmarks.

Attention was given to a 3-month CIBOR flagging for a panel bank and it was confirmed that the bank had been contacted for elaboration. The Oversight

Committee discussed the matter, and it was determined that the follow-up undertaken by the Helpdesk was sufficient and no further action required.

SK mentioned that the Tom/Next Code of Conduct was recently changed to avoid the spikes seen in the past, however, it appeared the fluctuations continue and perhaps the problem is unsolved? Helpdesk confirmed that all panel banks had reported explanations in line with those previously given in similar scenarios, the responses from panel banks were discussed and accepted by the Oversight Committee.

III. Governance, Regulatory & Supervisory Issues

a) DFBF Compliance Reports

- There had been no complaints issued and no suspicious data identified.
- The public consultation regarding Tom/Next transition is ongoing and will end on 15 Dec.
- On 7 Oct the Disaster Recovery test was performed with all panel banks and two major vendors, all went smoothly, and the test was successfully completed.

b) Review of governance artefacts and other documentation

MM mentioned the changes made to the two documents:

- DFBF Oversight Committee Rules and Procedures
- DFBF Oversight Committee Terms of Reference

The Oversight Committee accepted the proposed changes.

CEH mentioned that ESMA had released a new document on “guidelines on methodology, oversight function and record keeping under BMR” on 7 Dec, MM confirmed that a review would take place to evaluate if it required changes for the Oversight Committee.

- **Benchmark Review 2021**
The DFBF had collected market data for use in the annual assessment of the Danish benchmarks and the background and numbers were presented to the Oversight Committee

Attention was given to the fact that both CIBOR and Tom/Next have upcoming changes because of recent public consultations, therefore, despite a DFBF recommendation to consider benchmarks fit for purpose, it should be kept in mind that these will materially change in 2022.

The Oversight Committee approved the benchmarks fit for purpose. The benchmark review will as usual be published on the DFBF website.

c) COI forms 2021

The Oversight Committee members were asked to kindly fill in the annual Conflict of Interest form.

IV. Evolution of Danish Benchmarks

a) Update on public consultation regarding Tom/Next Transition – JM

JM informed the Oversight Committee that the public consultation on Tom/Next transition is running and will be closed on 15 Dec. Until now, no responses have been received.

JM mentioned that the BWG had been consulted regarding decimals for reformed Tom/Next and spread to DESTR. As DESTR is published with 3 decimals and Tom/Next is currently published with 4 decimals, a decision must be made on future format for the new Tom/Next + fixed spread. The Oversight Committee confirmed their agreement to follow the market in the move from 4 to 3 decimal places. DFBF will conclude and announce the number decimal when the result of the consultation is made public.

b) Update on term structure for DESTR (MF)

MF mentioned that in connection with the DESTR Working Group, Danmarks Nationalbank had also encouraged the group to look at the CITA and a potential requirement for a forward-looking term structure.

With Tom/Next linked to DESTR it is believed that a reformation of CITA will be the easiest way to handle a transition. Such a change will require a public consultation and it is now being prepared, the public consultation document will be drafted in Jan and the announcement made in Feb. It is expected that a recommendation for the future CITA can be made to the DFBF prior DESTR going live on 1 Apr, 2022.

c) Update from BWG meeting 1 Dec 2021 (JM)

JM gave a short recap of the recent BWG meeting held on 1 Dec 2021.

V. Board & Stakeholder Communication

The Board will be updated on feedback received through the public consultation. Subsequently all stakeholder feedback will be published on the DFBF website.

VI. AOB

No topics were brought up.

Next meeting is scheduled for 2 March 2022 at 0900-1100 hrs.

The meeting ended at 10.05 hrs.