

Danish Benchmarks Oversight Committee Meeting

Danish Financial Benchmark Facility, Amaliegade 7, 1256 Copenhagen K
6 September 2023 10.00 – 12.00 CET

Agenda:

- I. Introduction**
 - a) *Introductory remarks by Chair*
 - b) *Overview of agenda*
 - c) *Declaration of potential conflicts of interest with respect to meeting agenda*
 - d) *Review of action items from Committee meeting of 8th June 2023 –
*There were none**

- II. Determination Methodology**
Operational Metrics report (AC)

- III. Governance, Regulatory & Supervisory Issues**
 - a) *DFBF Benchmarks - Quarterly Report May 23 – Jul 23*
 - b) *Governance artefacts*
 - c) *Re-appointment of OC members*

- IV. Evolution of Danish Benchmarks**

- V. Board & Stakeholder Communication**
 - a) *Recap of BWG meeting 4 Sep (NB)*

- VI. AOB**

Minutes

Chair: JP Neergaard (*independent*) – voting member (**JPN**)

Martina Mozerova (*DFBF*) - non-voting member (**MM**)

Jacob Ramskov (*Danske Bank*) – voting member (**JR**)

Morten Frederiksen (*FIDA*) – voting member (**MF**)

Christine E. Habel (*independent*) – voting member (**CEH**)

Tomáš Kvapil (*CFBF*) – non-voting member (**TK**)

Neil Donaldson (*GRSS*) - voting member (**ND**)

Nicolaj Verdellin (*Nykredit*) – voting member (**NV**)

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

Invitees:

Nina Byrne (*DFBF*) (**NB**)

Andrej Chudožilov (*CFBF*) (**AC**)

I. Introduction

a) Introductory remarks by Chair

JPN welcomed the OC members and gave a general update on the current market situation.

b) Overview of agenda

c) Declaration of potential conflicts of interest with respect to meeting agenda

No conflicts were declared. Quorum was met for the meeting and minutes from the previous meeting were approved.

d) Review of action items from Committee meeting of 8th June 2023

None were registered.

II. Determination Methodology

Operational Metrics report – AC

The report covers the period 1 Jun 2023 to 30 Aug 2023.

CIBOR

There had been flagging on CIBOR 1M tenor prior to rate hikes and as this was in line with previous movements no action was deemed necessary. On 18 Aug one PB showed a drop in its 1M rate, but looking at previous behaviour the move seemed consistent with the PB's methodology and hence no action was required. NB mentioned that she had held meetings with front line/2nd line of the various PBs to understand their procedures/methods. Occasionally these can result in movements that require no attention, it can merely be a consequence of internal methodology.

CITA

Only one point had called for attention, this concerned the 1M tenor where a PB on 27 July saw a deviation flagging (0.1 bp above threshold). OC concluded no action required.

SWAP

The pattern of movements had been followed by all PBs with no noticeable deviations. The volatility is still great, but when comparing to EUR zone there is correlation and hence no movements causing concern.

T/N

No issues to discuss related to this benchmark.

The regular back testing of DFBF Benchmarks done on 3M & 6M CIBOR, CITA, EURIBOR, and Implied DKK rate (constructed from EUR) shows a clear correlation between the benchmarks. NB mentioned that some actions in the EUR zone are not applied in DK and therefore the correlation to EUR may not be perfect, but the movements are well aligned. NV suggested that ESTR is added to the back testing which the OC agreed could be beneficial.

III. Governance, Regulatory & Supervisory Issues

a) Compliance Report May 2023 – Jul 2023

There had been no complaints during the period nor any whistleblowing incidents. Declarations of Interest had been collected from all staff members with no conflicts declared. No suspicious behaviour noted, and no erroneous input data received from PBs.

In regard to operational matters there were no issues registered.

For the CA no issues had been reported during the period and no cyber-attacks were registered. The annual DRP is planned for 13 Sep, it involves vendors and PBs.

TK mentioned a cyber-attack targeted against all CZ banks which consequently affected activities of the banks; similar attacks were launched in other European countries. Nothing had been noted in regard to DK, nonetheless, it would be prudent for PBs to apply the utmost attention. MF asked if the CZ attack had affected calculation of PRIBOR, TK responded this was not the case. There had likewise been attacks of public websites, they appear to be of Russian origin and assumed to aim for customer data. TK emphasised that PRIBOR and the administrator had not been targeted. ND asked if only the financial sector was attacked, TK replied that various media had also been affected. NV stated that the DFSA has issued guidelines on how to handle incidents. MF added that DNB has a taskforce dealing with such matters. JPN mentioned that Nordic banks on a regular basis are exposed to cyber-attacks.

b) Governance artefacts

i. None were presented, quiet period with no major changes.

c) Re-appointment of OC members

The DFBF Board has formally re-appointed all OC members for another year.

IV. Evolution of Danish Benchmarks

a. Nothing to report.

V. Board & Stakeholder Communication

i. Recap of BWG meeting 4 Sep 2023 (NB)

NB gave a brief recap of the BWG meeting. DESTR OIS is showing positive growth, 180bn turnover this year according to LCH. The numbers confirm an almost daily turnover and this should be seen as a successful development for the BM. TK added that CIBOR/DESTR OIS are comparable to EURIBOR/ESTR which have proven to be complementary BMs. The reason for a well-functioning market in DK is the fact that OIS is supported by panel banks and adopted by customers. TK reminded that EURIBOR is bid based whereas other BMs are offer based and any consequences of a change to a transaction-based setup must be considered.

There was a general discussion related to critical BMs vs non-critical.

VI. AOB

Next OC meeting is scheduled for 6 Dec 2023 at 10.00-12.00 hrs.

MF left the meeting at 11.30 hrs.

The meeting ended at 11.35 hrs.