Danish Benchmarks Oversight Committee Meeting

Danish Financial Benchmark Facility, Amaliegade 7, 1256 Copenhagen K

6th June 2024 10.30 – 12.00 CET

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1. **Introduction**
2. *Introductory remarks by Chair*
3. *Overview of agenda*
4. *Declaration of potential conflicts of interest with respect to meeting agenda*
5. *Review of action items from Committee meeting of 6th March 2024*

There were none

1. **Determination Methodology**

*Operational Metrics report (AC)*

1. **Governance, Regulatory & Supervisory Issues**
2. *DFBF Benchmarks - Quarterly Report Feb 2024 – Apr 2024*
3. *Governance artefacts – none*
4. **Evolution of Danish Benchmarks**
5. **Board & Stakeholder Communication**
   * + - 1. *Recap of BWG meeting 29 May (NB)*
6. **AOB**
7. **Next meeting**

**Minutes**

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

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

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

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

*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**)

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

***Invitees:***

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

*Andrej Chudožilov (CFBF)* ***(*AC*)***

1. **Introduction**
2. *Introductory remarks by Chair*

JPN started the meeting with a brief market update; the market remains more or less unchanged. It will be interesting to see how the emergence of AI will have macro-economic impacts, also on rates as a potential disinflationary force. In the US, the FED is anticipated to cut rates once or twice during 2024, this is now evident as the expectation of six cuts in 2024 has quickly faded. In the EU, the ECB will likely announce a rate cut during their meeting today (*this was the case with -0.25%*). The market may be facing more challenging times in the months to come.

NB added that PBs are coping well in the current market and have been good at adjusting to the consistent volatility.

1. *Overview of agenda*
2. *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.

1. *Review of action items from Committee meeting of 6th March 2024*

There were none.

1. **Determination Methodology**

*Operational Metrics report – AC*

The report covers the period 29 Feb 2024 to 28 May 2024.

**CIBOR**

On the pre-calculation checks there had been one flagging of a PB on 16 May due to deviations in the 1W & 1M rates. The HD had concluded that no further action was required. Another PB had several contributions approaching the flagging thresholds, but not reaching there. This was caused by higher rates than those of other PBs and since their curve followed the general trend no further action was taken.

The period had in general been smooth for CIBOR.

**CITA**

No flagging detected and nothing significant to mention.

**SWAP**

One non-contribution which will be discussed in detail under a later agenda point.

**T/N**

No issues related to this benchmark.

For back-testing there were no comments.

CEH asked if the HD always contacts a PB when spikes are detected. AC said that after three days of continuous flagging the rule is that HD reaches out, however, an enquiry would always be made if something looks off or cannot be explained.

1. **Governance, Regulatory & Supervisory Issues**
2. *Compliance Report Feb 24 – Apr 24*

It has been a quiet period and nothing out of the ordinary. No erroneous data had been registered.

DFBF is amidst the external BMR audit, and the work is progressing.

With a few amendments, the EP has adopted the BMR proposal from the EC. Compliance has assessed the differences between the initial EC proposal and the revised version, but more information regarding classification of BMs is still anticipated.

ND asked about the procedure for CITA/SWAP in the external audit, MM responded that these are not included as they are not interest rate BMs.

The CA system has performed 100% throughout the period. No security issues were reported.

NV asked MM to clarify if external audit is only for CIBOR or also for T/N, MM confirmed that the audit concerns both BMs for DFBF being the Benchmark Administrator, albeit T/N in a limited scope due to the nature of the BM. The PBs only need to have CIBOR audited in this BMR audit.

1. *Governance artefacts*

None were presented.

1. **Evolution of Danish Benchmarks**

No comments

1. **Board & Stakeholder Communication**
   * + - 1. *Recap of BWG meeting 29 May (NB)*

One meeting had been held in BWG, the PBs had been reminded of the external audit which is due in Sep.

* + - * 1. *Recap of EBAF meeting 24 April (NB)*

NB gave a summary of the meeting held in the administrators’ forum.

1. **AOB**

NB said that the sale of GRSS to Euronext was finalised as of 29 May, with Euronext taking over 75% of the GRSS group. NB will keep the OC updated on developments.

NB brought up that NV will be leaving the OC, Nykredit will maintain the seat in OC and a new candidate will be proposed to the DFBF Board for approval.

NB informed the OC that DFBF has regular meetings and/or other contact with the DFSA. Sometimes they have additional questions concerning our quarterly report and we then go through the questions in detail. The quarterly report from Q1 2024 had raised a question and hence NB called a Teams meeting and explained the situation with more elaborate presentation material, this satisfied the DFSA.

On 1 May a non-contribution to the SWAP benchmark was registered. TK mentioned that since quorum was met the HD made a timely publication of the BM.

1. **Next OC meeting**

The next meeting is scheduled for 4 Sep 2024 from 09.00 – 11.00 hrs. The meeting will be a Teams meeting.

The meeting ended at 11.35 hrs.