

Annual Review of Danish Benchmarks` Definition and Methodology

Introduction

As per European Benchmark Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014)), Article 13, paragraph 1(b) an administrator shall develop, operate and administer the benchmark and methodology transparently. To that end, the administrator shall publish or make available the details of the internal review and the approval of a given methodology, as well as the frequency of such review.

DFBF publishes the details of the internal review via this document. The Danish`s Benchmarks Methodologies were approved by the DFBF Board of Directors prior the authorisation by the competent authority (Finanstilsynet) and subsequently regularly reviewed by the DFBF Board of Directors. The frequency of such review is at least annually. The process of the review of Danish Benchmarks` definition and methodology is being formalised in the DFBF Benchmark Review Policy as published on DFBF website www.dfbf.dk.

The Danish Financial Benchmark Facility (DFBF) is the administrator of Danish Benchmarks and as such it conducts an annual review of the underlying market and determines the fitness of the benchmark methodology in line with DFBF Benchmark Review Policy in place.

This document is a redacted version of the document which was presented to DFBF Oversight Committee (OC) as supporting material for its review on benchmark definition and methodology.

The following summarises the results of that review.

The DFBF is the administrator of the following benchmarks:

- CIBOR
- Tom/Next
- CITA
- SWAP; together the “Danish benchmarks” or “benchmarks”.

DFBF Benchmarks` Definitions and Methodology

The full version of the respective benchmark methodologies is published on DFBF website www.dfbf.dk.

The OC, at its meeting held on 3rd December 2025, has duly considered whether there have been any further material changes in 2025 which would require revision to the methodologies. The OC resolved that there is no need for further change of the benchmarks' definition and methodology.

About the Danish financial market in the context of the benchmarks

CIBOR and Tom/Next (based on DEST) are currently the key benchmark rates for the Danish market which daily define the average rate at which local banks lend DKK funds to one another for varying short-term maturities. As such, the respective benchmarks have established themselves as the most relevant reference rate, plus a margin where relevant, for the settlement of financial contracts, most notably being commercial lending, mortgages, and interest rate derivatives contracts. Based on the public consultation conducted in 2023, Tom/Next will be discontinued on 1st January 2026.

The benchmarks CITA and SWAP represent the daily determination for both products based on an average rate for the relevant maturities provided by the Panel Banks, whose contribution is determined by a committed market quote, highlighting the depth of the underlying interest rate derivatives market. More specifically, CITA as the interest rate swap product priced against the day-to-day rate will be used by market participants hedging short-term interest rate exposure, particularly when underlying cash markets lack the necessary liquidity, whereas SWAP will offer this capacity for longer-term maturities.

The size of the Danish market

The OC does not believe that there has been any material change to the underlying Danish financial market such that the appropriateness or usage of the benchmarks would be compromised in their current state.

Panel Bank composition

There have been no changes to the number and identities of Panel Banks contributing input data for benchmark calculations in 2025.

Outlier submissions to the benchmarks

In 2025 the OC met on a regular basis to consider Panel Banks' input data used in the calculation of the benchmarks. In particular, the OC focused on input data where this was beyond the agreed pre-defined tolerance levels ("flagged data"). After due consideration, all explanations for flagged data were accepted by the OC and shared with Finanstilsynet on a quarterly basis.

Conclusion

The DFBF has considered the points detailed above and decided not to apply any changes to the Danish Benchmarks' definition and methodology.