

Benchmark Review Policy
December 2023

Contents

1	Introduction	3
2	SFBF Benchmark Review Policy	3
2.1	Periodic review	3
2.2	Review process.....	3
2.3	Responsibility.....	3
2.4	Final assessment.....	4
2.5	Oversight Committee recommendations.....	4
2.6	Publication of benchmark review	4
2.7	Post benchmark review actions.....	4
2.8	Policy Review	4
2.9	Publication	4

Copyright © 2023 by Swedish Financial Benchmark Facility (SFBF) 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 SFBF.

1 Introduction

The Swedish Financial Benchmark Facility (SFBF) is the administrator of STIBOR, the Swedish interest rate benchmark. The SFBF has developed and implemented this Benchmark Review Policy, being a formalised and approved process for the review of the STIBOR definition and methodology at a frequency consistent with legislation, regulation, and good practice.

2 SFBF Benchmark Review Policy

The SFBF intends to provide transparency about STIBOR's purpose and methodology.

As part of this transparency, the SFBF will periodically review the underlying market to ensure the fitness of the benchmark methodology in light of the (evolving) structure and depth of the underlying market.

2.1 Periodic review

The SFBF will conduct an annual review of the underlying market and determine the fitness of the STIBOR methodology.

- Analysis of the underlying market and economic reality.
- Assessing the impact of stressed market conditions, including extreme volatility, on the methodology using historical, or if unavailable, hypothetical data and taking into account hypothetical market conditions for correlation test between underlying assets.
- An assessment of the results and processes, to ensure systematic anomalies highlighted during back-testing of the benchmark methodology are identified and properly addressed.

2.2 Review process

The SFBF will use a number of means to determine the structure and depth of the underlying market and will collect the following metrics (where available) on a quarterly basis;

- Number of outlier submissions to STIBOR
- Number of submitters to STIBOR
- Results of monthly back-tests (ex post)
- Historical data analysis
- Other metrics that are developed from time to time

The metrics will be collected by the Secretariat each quarter and provided to the Oversight Committee (OC) as part of the quarterly review process.

Each quarter the Oversight Committee will review the metrics and note any material changes to the underlying market. On an annual basis, the Oversight Committee will make their final assessment of the conditions in the underlying market. In addition to the above mentioned metrics supplied to the OC on a quarterly basis, other STIBOR related reports will be available to the OC upon request.

2.3 Responsibility

The responsibility for the annual review lies with the OC. The Secretariat will provide assistance, at the direction of the OC, to perform analysis of underlying market activity and the collation of relevant metrics and reports.

2.4 Final assessment

The OC will be responsible for reviewing the conditions of the underlying market and the fitness of the benchmark methodology. It will either determine:

- a. the current benchmark methodology continues to be suitable for its intended purpose
- b. the current benchmark methodology is no longer suitable for its intended purpose and would benefit from adjustment.

2.5 Oversight Committee recommendations

In the case that the OC determines that the benchmark methodology is no longer suitable for its intended purpose, due to changes in the underlying market, it will recommend to the Board one of the following courses of action:

- a. a change to the methodology to ensure its suitability to measure the underlying market conditions
- b. investigate alternate comparative benchmarks that could facilitate a cessation of STIBOR

In each case the OC would provide a rationale for their recommendation and a request to undertake a consultation on any material change.

2.6 Publication of benchmark review

The SFBF will publish on its website a summary of the results of its annual review of the benchmark methodology, including any proposed changes to the methodology and the rationale behind such changes.

2.7 Post benchmark review actions

In the case that a review of STIBOR, under the Benchmark Review Policy, results in a recommendation for a material change to the benchmark methodology, the Board will utilise the SFBF Consultation policy to elicit feedback from stakeholders. Subject to the results of the consultation the Board may decide to implement the recommended changes and will take appropriate steps to achieve this objective.

2.8 Policy Review

This policy will be reviewed annually.

2.9 Publication

This policy is made publicly available on the SFBF's website.