

MINUTES - STIBOR Oversight Committee Meeting

December 15th, 2022. 8.30am – 10.00am CET

Participants

Chair: Per Henriksson (PH)
 Bengt Edholm (Independent) (BE)
 Tomas Ernhagen (Independent) (TE)
 Per Åkerlind (Independent) (PÅ)
 Fredrik Jönsson (SBAB) (FJ)
 Ulf Jakobson (Swedbank) (UJ)

Invited attendees

Catharina Hillström (SFBF) (CH)
 Jennifer Carpio Alin (SFBF) (JA)
 Mika Laaja (SFBF) (ML)
 Jessica Bishop (SFBF) (JB)
 Jonny Sylvén (SFBF) (JS)

Not attending

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1. INTRODUCTION:

a. Introductory remarks by the Chair

The Chair welcomed the participants.

b. Declaration of potential conflicts of interest with respect to meeting agenda

The Chair inquired if the agenda and topics to be discussed would result in a conflict of interest for any of the present members – no conflict of interest were noted. The chair also noted that the requirements to form a quorum had been met.

c. Overview of agenda

The Chair guided the participants through the agenda and enquired whether any last-minute additions should be added.

d. Follow up on action points from the meeting held September 15th, 2022:

- SFBF to share further guidelines on the Oversight Committee's self-assessment. (p. 5c)
- SFBF to provide the Committee with an update on the progress of back testing/stress testing in accordance with ESMA guidelines. (p. 2b)

2. OVERSIGHT

Determination

a. Review Operational Metrics report

ML presented the operational metrics report prepared by the Operations team and pre-circulated to the members. The report covers the period of 2022-09-06 – 2022-12-06.

STIBOR have overall been more stable in November / December. The report shows flagging consistent with neighbouring periods, albeit a tendency for higher flagging in relation to alternative spreads. The data indicates over 50% of the input during November have made use of alternative spreads. Analysis shows this is related to the way Panel banks handles spreads and the adjustments of internal models during the period and the year-end-effect.

It was noted that the Oversight Committee agrees with the recommendation that no further action need to be taken in relation to the Operational Metrics Report.

b. Backtesting report

CH presented a proposed backtesting report format developed in collaboration with an external analytics team well-versed in the market dynamics of Sweden. The report is in development and the Oversight Committee

approves of the suggested, and presented, format. It is noted that SFBF and the analytics team shall revert to the Oversight Committee and present the final format.

Compliance

c. Review Risk & Compliance report

JA presented the Risk and Compliance report prepared by SFBF and pre-circulated to the members. The report covers the period of 2022-09-08 – 2022-11-30.

Pursuant to the report no regulatory issues, conflicts of interests, suspicious behaviour, complaints, or whistleblowing were reported, and no other compliance issues were identified. Further, no suspected or attempted nor actual benchmark manipulation was identified by the Calculation Agent during the period. There were no identified failures to comply with the STIBOR methodology, no failures in the pre-calculation or post-calculation monitoring checks and nothing that resulted in an incorrect or late publication of STIBOR.

It was noted that the Oversight Committee agrees with the recommendation that no further action need to be taken in relation to the Risk & Compliance Report.

d. STIBOR Annual Review Report

JB gave a short presentation of the proposed format. It is noted that the Oversight Committee approves of the suggested, and presented, format.

Governance

e. Discussion on proposed clarification to Bid to Offer Spread (BOS) adjustment Scenario 2

CH presented a proposed clarification to the text regarding the BOS adjustment scenario 2 wording, for comments and feedback. The Oversight Committee is informed that Finansinspektionen have been informed of the proposed clarification during bilateral discussions and are aware of the proposed adjustment.

SFBF has however defined two specific scenarios where Panel Banks may be allowed to alter their default BOS due to specific circumstances that require adjustment to the calculated COF rate under Step 1 of the STIBOR Calculation Methodology. Any adjustment of the default spread shall be verifiable and traceable.

The two specific scenarios are:

- *Balance-Sheet Considerations – the additional cost related to the adjustment of the bank’s balance sheet for key reporting dates, most notably over year-end;*
- *Funding variances – specific market conditions may produce funding at levels which is out of line with the panel bank’s internally modelled SEK term rate structure, based on the current and future expected levels of the Riksbank Policy Rate. Under such a scenario, an adjustment of the BOS will be required to contribute an offered rate in line with the perceived SEK term rate structure. ~~RIKSBANK Deposit Rate – the calculation of an implied SEK rate derived from foreign currency funding generated by CP and CD issuance is out of line with the perceived SEK term rate structure determined by the floor created by the Riksbank overnight deposit rate.~~*

It is noted that the Oversight Committee approves and support the proposed adjustment, but that it will be necessary to monitor how the Panel Banks uses these adjustments. It is further noted the committee makes a recommendation to the SFBF Board of Directors to support and approve the proposed adjustment.

f. Review of governance artefacts and other documentation

It is noted that the documentation is not reviewed.

3. SFBF UPDATE

a. FSA Update

Postponed.

b. STIBOR update

An updated was made as follows.

i. STIBOR Analysis

JS presented a quarterly STIBOR analysis. The analysis covers the period of September – November 2022. Conclusions are as follows.

- STIBOR captures the volatility in the world well
- STIBOR captures only small amounts of credit risk (comparing to the Riksbank Deposit Rate)
- There is a wide spread between Panel Banks contributions
- Still a high percentage of extreme daily changes due to the market volatility

ii. Presentation of analysis of proposed methodology updates

A presentation of several analysis made on potential adjustments to the methodology was given and discussion ensued. It is noted the presentation rendered no recommendations, no decisions, nor any adjustments to any aspect of the dissemination of STIBOR. Analysis will continue and SFBF to revert to the Oversight Committee with further details.

c. Market update

The markets are continuously volatile.

4. COMMITTEE WORK

a. OC Annual cycle for approval

It was noted that the Oversight Committee is informed of the proposed annual cycle through the documents provided.

b. Information on and initiation of the committee's self-assessment

It was noted that the Oversight Committee will be informed of the committee's self-assessment separately.

c. For the committee's information

- i.** It was noted that the Oversight Committee is informed of the current version of the rotation schedule through the documents provided.

5. AOB

N/A

Minutes approved by:

Per Henriksson

Per Henriksson, Chairperson