

Benchmark Review Policy

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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 Benchmark's definition and methodology at a frequency consistent with good practice.

2 SFBF Benchmark Review Policy

2.1 Introduction

SFBF intends to provide transparency about the benchmark'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.

2.2 Periodic review

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

2.3 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 and size of transactions in the underlying market
- Spread to similar markets and other benchmarks/indexes
- Number of outlier submissions to the benchmark
- Number of submitters to the benchmark
- 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 OC Committee will review the metrics and note any material changes to the underlying market. On an annual basis, the OC Committee will make their final assessment of the conditions in the underlying market.

2.4 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.

2.5 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 some adjustment

2.6 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 the benchmark

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

2.7 Publication of Benchmark Review

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

2.8 Post Benchmark Review actions

In the case that a review of the benchmark, 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.