

SFBF STIBOR Governance Code of Conduct
November 2021



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1 Overview

1.1 Purpose

The Swedish Financial Benchmark Facility (SFBF) as a critical benchmark administrator, has the responsibility of defining and implementing robust governance and control arrangements to ensure STIBOR's integrity and reliability.

The STIBOR Governance Code of Conduct (GCC), sets out the governance, control and accountability frameworks established by the SFBF for the provision of STIBOR. The GCC is one of four components of the STIBOR Governance Framework, adopted by SFBF to establish the requirements and principles related to the provision of the STIBOR benchmark. The other three components are:

- a. The **STIBOR Panel Bank Code of Conduct (PBCoC)**, which sets out the requirements for Panel Banks in providing input data contributions to the SFBF for the provision of STIBOR.
- b. The **STIBOR Code of Obligations of Calculation Agent (COCA)**, which sets out the requirements for the Calculation Agent in acting as an agent of the SFBF for the determination of STIBOR.
- c. The **STIBOR Calculation Methodology (CM)**, which sets out the methodology for the calculation of STIBOR under both regular and contingency circumstances.

The STIBOR Governance Framework is supported by a set of policies and procedures covering all aspects of the provision of the benchmark.

The GCC is based on the EU BMR *Chapter 1 Governance and control by administrators*.

The standards set in the GCC are additional to and do not supersede any relevant legislation, regulation, or other regulatory guidance applicable to the SFBF. The SFBF and the competent supervisory authority should be notified of any potential inconsistencies between the GCC and such legislation or regulation.

1.2 Authorities and Responsibilities

The SFBF Board of Directors (the Board) is the governing body of the SFBF. The Board approves the components of the STIBOR Governance Framework, and changes thereto, based on their own considerations and recommendations, as applicable, of the Benchmark Oversight Committee (OC)

The OC is an independent committee composed of a balanced representation of stakeholders, which exercises an independent oversight over all aspects of the provision of STIBOR, including governance and methodological aspects.

The Risk and Compliance Committee (the RCC) provides, among other duties, oversight over the SFBF's overall risk management governance structures and risk management program, as well as over quality and integrity of the SFBF's auditing processes.

2 Governance and Control Framework

2.1 Governance and Conflicts of Interest

The SFBF has in place robust governance arrangements, which includes a clear organisational structure, with well-defined and clearly identified roles and responsibilities for all persons involved in the provision of STIBOR.

The SFBF has a Conflicts of Interest policy for managing conflicts of interest applicable to different parties involved in the provision of STIBOR. Panel Banks' requirements for managing conflicts of interest are stipulated within the PBCoC and the management of conflicts of interest within the OC is detailed in the OC Terms of Reference.

SFBF employees and members of the SFBF Board and OC are required to sign a declaration of interest on an annual basis. Declarations of interest of members of the OC are published on the SFBF's website.

2.2 Oversight Function

The SFBF has established and maintains a permanent and effective oversight function, the OC, that exercises an independent oversight of all aspects of the provision of STIBOR including governance and methodological aspects.

The procedures and governance arrangements related to the composition, duties and functioning of the OC are established in the OC Terms of Reference that form an integral component of the GCC.

2.3 Control Framework

The SFBF has in place a control framework for the provision of STIBOR, with the objective of ensuring its compliance with regulatory standards and maintaining the integrity and quality of the benchmark.

This control framework includes:

- a) management of operational risk,
- b) adequate and effective business continuity and disaster recovery plans and
- c) contingency procedures in the event of a disruption in the process of the provision of STIBOR.

The SFBF has in place a comprehensive risk management framework aimed at maintaining robust benchmark operations, financial resources, and reputation for prudent conduct. It also aims at effectively identifying, managing, and mitigating its current and emerging risk exposures.

The Board has established the RCC to provide, among other duties, oversight over the SFBF's overall risk management governance structures and risk management program, as well as over quality and integrity of SFBF's auditing processes. In this context, the RCC, oversees the management of risks related to the benchmark administration, calculation, and publication and the implementation of associated mitigating actions.

The SFBF has developed a Business Continuity Plan (BCP) to ensure that SFBF services and operations can be maintained or recovered in a timely manner in the event of a disruption.

The SFBF also ensures that third parties involved in the provision of the benchmark have a business continuity and disaster recovery plan in place in order to avoid any disruption in the daily calculation and dissemination of the benchmark.

The SFBF has adopted fallback arrangements under contingency circumstances. The determination methodology under contingency circumstances is defined in the CM.

The OC oversees the implementation of controls designed to monitor Panel Banks fulfilment of their obligations under the PBCoC following the applicable standards for input data. Panel Banks are required to confirm adherence to the PBCoC annually.

The OC oversees that control measures to assess the quality of STIBOR are undertaken and reviews reports on the performance of individual Panel Banks. To carry out the necessary controls (including consistency and plausibility checks before and after publication) the SFBF can request information from Panel Banks, while ensuring confidentiality of all non-public data supplied.

The SFBF has put into place policies and procedures regarding the effective oversight of the outsourced Calculation Agent such as contracts, SLAs and the COCA.

Control framework requirements for Panel Banks and for the Calculation Agent are defined respectively in the PBCoC and COCA.

2.4 Accountability Framework

The SFBF has in place an accountability framework covering record-keeping, auditing, and review, complaints, and whistleblowing process, in compliance with applicable regulatory requirements.

2.4.1 RECORD KEEPING

The SFBF has in place a record keeping policy that establishes the guidelines governing the retention and appropriate deletion of records related to the administration of the SFBFs benchmark, with the aim to maintain an accessible audit trail for its activities and operations.

The record keeping policy defines the retention requirements applicable to the SFBF with regards to records related to the administration of the SFBF's benchmark.

Record keeping obligations for Panel Banks and for the Calculation Agent are defined respectively in the PBCoC and COCA.

2.4.2 AUDIT AND REVIEW

The SFBF has in place internal reviews and audit arrangements to provide assurance on the effectiveness of the controls in place, taking into consideration the SFBF's responsibility as benchmark administrator and its core processes and procedures.

The SFBF will appoint an independent external auditor to review and report on its compliance with STIBOR's methodology and with EU BMR at least annually.

The OC and RCC review the SFBF's internal reviews and external audits related to the STIBOR governance and design, the integrity of the benchmark determination and/or the STIBOR control framework and monitor the implementation of recommendations or remedial actions.

Upon request, the SFBF will provide the details of the internal reviews and external audit reports referred to above to its competent supervisory authority.

Upon the request of its competent supervisory authority or any benchmark user, the SFBF will publish the details of the external audit reports referred to above.

Audit requirements for Panel Banks and for the Calculation Agent are defined respectively in the PBCoC and COCA.

2.4.3 COMPLAINTS AND WHISTLEBLOWING

The SFBF has in place a Complaints Handling Procedure which defines the procedures for receiving, investigating, and retaining records concerning complaints made in relation to the SFBF's benchmark provision process.

The Complaints Handling Procedure:

- a) permits complaints to be submitted through an electronic submission process, available on SFBF's website
- b) contains procedures for:
 - i. receiving and investigating a complaint made about the SFBF's benchmark provision on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint
 - ii. advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period; and
 - iii. retaining all records concerning complaints
- c) contains a process for managing complaints, including an escalation process to those that are not resolved. Depending on the nature of the complaints and the potential breaches may be escalated to the Board and OC or to competent legal or regulatory authority, as appropriate; and
- d) requires all documents relating to a complaint, including those submitted by the complainant as well as the SFBF's own record, to be retained for a minimum of five years.

The SFBF has in place a Whistleblowing Policy in order to permit any individual to alert the SFBF on an anonymous basis, if necessary, on potentially suspicious or manipulative activity, or other issues that may affect the integrity of the SFBF's benchmark.

The Whistleblowing Policy:

- a) permits reporting through an electronic submission process available on the SFBF's website, on an anonymous basis, if necessary, of potentially suspicious input data or manipulative activity, conflicts of interest situations, misconduct by contributor, or other issues that may affect the integrity of the SFBF's benchmarks and, depending on the issue and the seriousness of the potential breach, to competent legal or regulatory authorities
- b) ensures appropriate protection (including of personal data) for persons who report potential or actual breaches and for the accused party; and
- c) ensures the right of the accused party to a hearing before the adoption of a decision concerning the party.

Complaints and whistleblowing requirements for Panel Banks and for the Calculation Agent are defined respectively in the PBCoC and COCA.

2.5 Outsourcing

The SFBF has outsourced two important functions for the determination of STIBOR. The outsourced functions are:

- The Calculating Agent System (CA System) provided by Global Rate Set Systems (GRSS)
- The Helpdesk function provided by GRSS

The outsourced functions are managed through a services agreement with the supplier. The services are delivered in accordance with a Service Level Agreement that accompanies the services agreement. The SFBF is satisfied that the outsourced functions, for the provision of STIBOR, have been engaged in such a

way as to not impair materially the SFBF's control over the provision of STIBOR or the ability of the competent supervisory authority to supervise STIBOR.

The SFBF understands and accepts that it remains fully responsible for discharging all of its administrator obligations under the EU BMR.

The SFBF has incorporated policies and procedures for the management of the outsourced functions, in accordance with EU BMR Article 10, including a:

- Procurement Policy
- Management of Outsourced Services Policy
- Outsourced Services Contingency Plan

The organisational structure includes the role of Operations Manager whose responsibility it is, amongst other responsibilities, to manage the outsourced services in accordance with the SFBF policies and procedures including performing the role of Helpdesk operator in the event of the Outsourced Services Contingency Plan being activated.

2.6 Transparency

THE SFBF seeks to publish all relevant information related to STIBOR governance and benchmark provision processes, including but not limited to:

- a) the components of the STIBOR governance framework, i.e., the STIBOR Governance Code of Conduct, the STIBOR Panel Banks Code of Conduct, the STIBOR Code of Obligations of Calculation Agent and the STIBOR Calculation Methodology
- b) Benchmark Oversight Committee Terms of Reference, composition, and minutes
- c) the names and declarations of interest of the Benchmark Oversight Committee members
- d) the list of Panel Banks contributing to STIBOR and, when applicable, any changes in the composition of the panel
- e) the procedures for consulting on any proposed material change in the STIBOR Calculation Methodology and the rationale for such changes, including a definition of what constitutes a material change to STIBOR and the circumstances in which the SFBF should notify users, as specified in the SFBF Consultation policy
- f) all the other policies referred to in the Governance Code of Conduct i.e., Conflicts of Interest policy, Record Keeping policy, Complaints Handling Procedure and the Whistleblowing policy and procedures.