

STIBOR Panel Bank Code of Conduct  
November 2021

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# 1 Purpose

## 1.1 Purpose

The Purpose of this STIBOR Panel Bank Code of Conduct (hereinafter PB Code of Conduct) is to ensure consistent behaviour by STIBOR Panel Banks in respect to their provision of input data as regards the quality, accuracy and quantity required by the STIBOR Calculation Methodology used to determine STIBOR<sup>1</sup>.

## 1.2 Primary Objectives

The primary objectives of the PB Code of Conduct are:

- I. To ensure the integrity of STIBOR by prescribing standards for the contribution of input data by Panel Banks,
- II. To define specific obligations for Panel Banks with respect to governance, control frameworks, methodologies and independent review related to their contributions,
- III. To assist Panel Banks to establish and maintain a robust internal control environment to discharge their obligations with respect to STIBOR,
- IV. To provide transparency to stakeholders regarding the standards for the provision of STIBOR.

## 1.3 Alignment with European Benchmark Regulation

This PB Code of Conduct is aligned with Regulation (EU) 2016/1011 of the European Parliament (EU BMR), including any delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines, and policies relating to the aforesaid regulation, as at the date of this PB Code of Conduct. As EU BMR may be amended or replaced from time to time, this PB Code of Conduct is subject to change as set out in clause 2.1.

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<sup>1</sup> STIBOR, a critical interest rate benchmark.

## 2 Authority

The PB Code of Conduct forms an integral component of the STIBOR governance framework and has been adopted by the SFBF Board of Directors following a recommendation by the STIBOR Oversight Committee.

The PB Code of Conduct will be made available on the SFBF's website.

The PB Code of Conduct will be reviewed by the STIBOR Oversight Committee at least annually. Changes will be introduced where appropriate to cope with changes to market conditions, relevant legislation and regulation and enhancements to international standards for benchmark provision.

A Panel Bank shall confirm their acceptance of this PB Code of Conduct by executing and delivering to the SFBF a 'Declaration of Accession' substantially in a form provided by the SFBF.

Each Panel Bank shall become bound by the PB Code of Conduct by certifying their compliance with the provisions of this PB Code of Conduct by executing and delivering to the SFBF a 'Declaration of Compliance' substantially in a form provided by the SFBF. Each Panel Bank shall repeat this declaration annually and at each time the SFBF instructs the Panel Banks to do so following any material update to the PB Code of Conduct.

### 2.1 Subject to Change

This PB Code of Conduct may be subject to change by the SFBF on 30 days' notice to the Panel Banks. Panel Banks shall ensure that appropriate changes are made to their policies and procedures within this timeframe or as otherwise advised by the SFBF.

## 3 Panel Bank Status

### 3.1 Requirements for Acceptance on Panel

A Panel Bank is required to be a supervised entity and to be a participant in the Swedish interbank market. The appointment of a bank to the STIBOR panel is the responsibility of the SFBF with the final decision determined by the SFBF Board of Directors.

### 3.2 Assignment of the Status of Panel Bank

A written application for the status of Panel Bank shall be delivered to the SFBF. The application shall include a declaration of the applicant's ability and willingness to satisfy the obligations applying to Panel Banks pursuant to this PB Code of Conduct.

The SFBF shall decide on the assignment of the status of Panel Bank within 30 calendar days of receipt of the application. The assignment of the status of Panel Bank shall be discretionary, however the SFBF shall provide reasons for rejecting an application, in writing, within 7 business days of a decision being made.

The SFBF shall notify the applicant of the decision in respect to the assignment of the status of Panel Bank within 3 business days of the decision being made. The notification shall include the date from which the Panel Bank is expected to commence the contribution of Input Data to the SFBF.

The assignment of the Panel Bank status including the date from when it shall start to contribute Input Data for the STIBOR determination shall be announced by the SFBF in writing to all other Panel Banks and the Swedish financial supervisory authority ("*Finansinspektionen*") within 3 business days of the decision being made.

### 3.3 Withdrawal of the Status of Panel Bank

The SFBF may withdraw the status of Panel Bank:

- a) at the request of the Panel Bank;
- b) upon non-compliance by the Panel Bank with its obligations pursuant to this PB Code of Conduct;

Panel Banks are obliged to notify the SFBF of the intent to put in a request pursuant to Clause 3.3(a) at least 3 months in advance.

The Panel Bank, upon notification to SFBF of its intent to withdraw its status as Panel Bank, should include its reason for the withdrawal. The Swedish financial supervisory authority ("*Finansinspektionen*") would be duly informed with an assessment of the consequences of the withdrawal of the specific Panel Bank to the ongoing viability of the benchmark.

The affected Panel Bank shall be notified in writing of the decision by the SFBF within 30 calendar days from the receipt of the request and within 3 business days of the decision being made. The decision shall become

effective on the date stated in the notification to the withdrawing Panel Bank and there shall be no right of appeal.

The SFBF shall notify in writing other Panel Banks of a decision to withdraw the status of a Panel Bank within 3 business days of the decision being made. The notification shall include information about the effective date of the withdrawal.

STIBOR has been classified as a critical interest rate benchmark. As such the SFBF has certain obligations arising from EU BMR Article 23. The Swedish Finansinspektionen has specific powers under EU BMR to mandate contributions to a critical benchmark and therefore any request by a Panel Bank to resign from the panel of contributing banks is subject to the requirements of EU BMR Article 23.

## 4 General Obligations

### 4.1 Documentation of Policies and Procedures

Panel Banks should ensure that their internal policies and procedures regarding organisational arrangements, processes and control frameworks for activities related to their contributions to STIBOR are:

- compliant with EU BMR requirements,
- compliant with the requirements established in the PB Code of Conduct fully and specifically documented; and
- readily available for the independent reviews.

### 4.2 Input Data Policy

A Panel Bank shall have in place policies to ensure that it provides all relevant Input Data. Each Panel Bank shall have an Input Data policy that includes at least a description of:

- a) the data to be taken into account in determining the Input Data contribution;
- b) the data that a Panel Bank may exclude from a contribution of Input Data and any reason that might justify such an exclusion;
- c) a policy on the transmission of data to the SFBF that includes at least:
  - i. a method to be used for the secure transfer of data; and
  - ii. contingency plans for submitting Input Data that address at least the following elements: technical and operational difficulties, the temporary absence of a submitter, and a lack of Input Data required by the methodology.

### 4.3 Policies on Use of Discretion in Contributing Input Data

The Panel Bank should establish policies on the use of discretion that specify at least the following:

- a) the circumstances in which it may exercise discretion;
- b) the persons within the Panel Bank that are permitted to exercise discretion;
- c) any internal controls that govern the exercise of the Panel Bank's discretion in accordance with its policies;
- d) any persons within the Panel Bank that may evaluate ex-post the exercise of discretion.

## 5 Systems and Controls

### 5.1 General requirements

Each Panel Bank should have procedures for contributing Input Data, including requirements for the Panel Bank to specify whether Input Data is transaction data and whether Input Data conforms to the requirements set out in this Code of Conduct.

### 5.2 Internal oversight of processes relating to Input Data

Each Panel Bank shall ensure that it has the following in place:

- a) an internal oversight procedure that describes:
  - i. the respective roles of the three levels of control functions set out below, as well as the means of cooperation and flow of information between them;
  - ii. regular reporting of the operations of the three levels of control functions to the senior management of the Panel Bank;
  - iii. communication to the SFBF of information requested by the SFBF relating to the Panel Bank's internal oversight and verification procedures.
  
- b) a first level of control function that is responsible for:
  - i. effective checking of Input Data prior to contribution in accordance with any requirement for the validation of Input Data to which it is subject;
  - ii. the review of Input Data prior to contribution to check its integrity and accuracy;
  - iii. checking that the submitter is authorised to contribute Input Data on behalf of the Panel Bank in accordance with any requirement;
  - iv. the restriction of contributed Input Data to persons involved in the contribution process, except where access is justified under the rules and procedures of the Panel Bank, such as for persons involved in audits related to the contribution of Input Data or persons involved in investigations relating to suspicious Input Data or errors;
  
- c) a second level of control function that is responsible for:
  - i. the review of Input Data after contribution, that is independent from the first level control function, in relation to the integrity and accuracy of the contributions;
  - ii. the maintenance of a whistleblowing procedure that includes appropriate safeguards for whistleblowers;
  - iii. the maintenance of procedures for the internal reporting of any attempted or actual manipulation of Input Data and any failure to comply with the Panel Bank's Benchmark-related policies and procedures as well as for the investigation of such events as soon as they become apparent;

- iv. the maintenance of internal reporting procedures for any operational problems in the contribution process, as soon as they arise;
  - v. appropriate oversight of communications between front office function staff directly involved in contributions and other internal functions or external bodies;
  - vi. the maintenance of the regular presence of a staff member from the second level control function where the front office function is based;
- d) a third level of control function, independent from the first and second level functions, that is responsible for performing checks, on a regular basis, on the controls exercised by the other two control functions.

## 5.3 Staff Training and Expertise

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### 5.3.1 IDENTIFICATION AND AUTHORISATION OF SUBMITTERS

Each Panel Bank shall ensure the identification of the persons that may contribute Input Data to the SFBF on its behalf and that procedures are in place to verify the identity of its submitters, as well as authorisation of any submitters that contribute Input Data on behalf of a Panel Bank.

Each Panel Bank's submitter and the direct managers of that submitter shall acknowledge in writing that they have read this PB Code of Conduct and that they will comply with it.

Each Panel Bank shall require that a person can act as a submitter of Input Data on its behalf only when the Panel Bank is satisfied that the person has the necessary skills, knowledge, training, and experience for the role.

Each Panel Bank will undertake an assessment, before being satisfied that a person has the necessary skills, knowledge, training, and experience to submit Input Data on its behalf. This process shall include undertaking checks to verify:

- a) the identity of the potential submitter;
- b) The qualifications of the potential submitter; and
- c) the reputation of the potential submitter and their suitability to the role.

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### 5.3.2 NOTIFICATION OF AUTHORISED SUBMITTERS TO THE SFBF

Each Panel Bank shall notify the identity of any individual authorised to submit Input Data on its behalf to the SFBF. Each Panel Bank shall use a form provided by the SFBF for this purpose, which will be signed by a listed authority employee within the Panel Bank. Each Panel Bank shall deliver the completed form to the SFBF via electronic mail to [sfbf-helpdesk@swfbf.se](mailto:sfbf-helpdesk@swfbf.se). On receipt of this form, the SFBF will confirm directly to the Panel Bank as to the details contained in the form for security purposes.

## 6 Management of Conflict of Interest

Each Panel Bank shall have in place policies concerning the management of Conflicts of Interest. Each Panel Bank shall establish systems and controls concerning the management of Conflicts of Interest that include at least a Conflicts of Interest Policy that addresses:

- a) the process of identifying and managing of conflict of interest, including any internal escalation of conflicts of interest;
- b) steps to prevent, or minimise the risk of, conflicts of interest in the process for recruiting submitters;
- c) steps to prevent, or minimise the risk of, conflicts of interest in the remuneration policies for the contributor's staff;
- d) steps to prevent, or minimise the risk of, conflicts of interest arising from the contributor's management structure;
- e) requirements with respect to communications between submitters and other staff within the contributor's organisation;
- f) appropriate physical or operational separation between submitters and other staff of the contributor required to prevent, or minimise the risk of, conflict of interest;
- g) rules and measures to address any financial exposure that the contributor may have to a financial instrument or financial contract which references the benchmark to which the contributor contributes input data;
- h) requirements that the staff of a Panel Bank that are involved in the contribution process are trained in relation to all policies, procedures and controls relating to the identification, prevention, and management of Conflicts of Interest

### 6.1 Maintenance Requirements of Conflicts of Interest Policy

Each Panel Bank shall include in the establishment and ongoing maintenance of their Conflicts of Interest policy the following points:

- a) the identification and disclosure to the SFBF of actual or potential Conflicts of Interest in relation to the Panel Bank's front office staff who are involved in the contribution process;
- b) the separation of the remuneration of a submitter from the value of STIBOR, the specific values of the submissions made and any performance of an activity of the Panel Bank that might give rise to a conflict of interest related to the contribution to STIBOR;
- c) a clear segregation of duties between front office staff involved in contributing Input Data and other front office staff;
- d) a physical separation between front office staff involved in contributing Input Data and other front office staff; under certain circumstances this provision may not be required taking into consideration the nature, scale and complexity of the activities of the contributor, whether a conflict of interest

may arise between the contribution STIBOR and trading or other activities performed by the contributor, or the level of discretion involved in the process of contribution;

- e) effective procedures to control the exchange of information between front office staff and other staff of the Panel Bank involved in activities that may create a risk of Conflicts of Interest, where that information may affect the Input Data contributed;
- f) contingency provisions in case of temporary disruption of the controls regarding the exchange of information referred to in point (e);
- g) measures to prevent any person from exercising inappropriate influence over the way in which front office staff involved in contributing Input Data carry out their activities;
- h) measures to ensure that the provision of Input Data is not affected by any existing or potential conflict of interest and that, where any discretion is required, it is independently and honestly exercised based on relevant information in accordance with this PB Code of Conduct;
- i) effective Conflicts of Interest management procedures and communication controls, both within their Panel Bank and between Panel Banks and other third parties, to avoid any inappropriate external influence over those responsible for submitting rates. Submitters shall work in locations appropriately physically separated from interest rate derivative traders;
- j) the removal of any direct link between the remuneration of employees involved in the provision of Input Data and the remuneration of, or revenues generated by, persons engaged in another activity, where a conflict of interest may arise in relation to those activities.

## 7 Input Data Requirements

The process of determining a Panel Bank's contribution toward STIBOR is divided in two distinct steps:

Step 1 - A measure of the panel bank's cost of funds calculated by means of an Input Data priority waterfall;

Step 2 - A Bid to Offer Spread, which reflects the difference between an estimated cost of funds' rate and STIBOR's underlying interest, is added to the Panel Bank's cost of funds as determined in step 1.

Input Data contributed by Panel Banks consists of three components:

- actual transactions reported,
- estimated cost of funds, and
- a Bid to Offer Spread adjustment.

### 7.1 Description of Input Data – Step 1

The SFBF has developed a STIBOR Calculation Methodology that describes the Input Data to be provided by Panel Banks to the SFBF. The STIBOR Calculation Methodology establishes a cost of funds for each Panel Bank using the Input Data provided by each Panel Bank as follows:

- a) Level 1 contributions based on transactions executed by the Panel Bank during the previous day<sup>2</sup> that reflect the Panel Bank's cost of funds;
- b) Level 2 is created through the application of modelling techniques as described in the STIBOR Calculation Methodology;
- c) Level 3 contributions, where appropriate, based on the guidance provided in section 7.3 of this PB Code of Conduct
- d) Level 3 Input Data shall be contributed for the respective STIBOR tenor, or tenors, when the application of Level 1 and Level 2 of the STIBOR Calculation Methodology cannot produce a value for one or more of those tenors;
- e) Level 3 contributions for each tenor rate shall be a positive or negative number to 3 decimal places, or zero;
- f) Input Data shall be entered into the SFBF Calculating Agent system according to procedures provided by the SFBF;
- g) Input Data for all tenors shall be provided by Panel Banks each day on which commercial banks are open for general business in Sweden;
- h) Input Data shall be entered into the SFBF Calculating Agent system during the following time:

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<sup>2</sup> Transactions are eligible if executed in Stockholm on Day T. USD CP and CD transactions are eligible if executed in New York up to the close of business in New York on Day T.

Level 1 transactional Input Data – 6:30am to 9:00am

Level 3 Input Data - 9:00am to 10:00am

## 7.2 Contribution toward STIBOR Calculation Methodology

Panel Bank's contribution toward the STIBOR Calculation Methodology shall be as follows (also see section 4 of the STIBOR Calculation Methodology document for priority of use of Input Data):

- Level 1 consists of contributions based on transactions executed by the Panel Bank during the previous day that reflect the Panel Bank's cost of funds;
- Level 2 consists of contributions derived from the evidence of Level 1 transactions, through the application by the SFBF of interpolation, extrapolation, and the application of a Market Adjustment Factor (MAF) to transactional Input Data contributed in accordance with Level 1;
- Level 3 consists of contributions based on using relevant data through the application of a combination of a Panel Bank's modelling techniques and expert judgement.

## 7.3 Guidelines for Panel Banks' Level 3 Contributions

Level 3 contributions should reflect the Panel Bank's estimated cost of funds for day T (the day preceding the calculation and publication of STIBOR);

- a. For the determination of Level 3 contributions, Panel Banks shall take into consideration their short-term wholesale funding strategy, in particular their reliance on local currency (SEK) and derived SEK produced from foreign currency. For that purpose, each Panel Bank is required to determine a funding mix which faithfully reflects (in percentage terms) its reliance on SEK and other foreign currencies to attract liquidity. For the purposes of the determination of their funding mix only the following foreign currencies are eligible:
  - euro (EUR),
  - British pound (GBP), and
  - United States dollar (USD).

A Panel Bank should derive its cost of funds (COF) rate as follows:

- b. For the Tom/Next and 1-week tenors, the Panel Bank shall use, hierarchically, data based on executable quotes, indicative prices, rates, or quotes with no firm commitment for execution, and data reliant on the expert judgment of the Panel Bank.
- c. For the 1 month, 2 month, 3 month, and 6 month tenor, the Panel Bank shall use their primary issuance prices of short-term securities, in particular certificates of deposit (CDs) and commercial paper (CP), weighted according to the information of its individual funding mix. Panel Banks are required to faithfully reflect their own circumstances for funding and liquidity management. Each Panel Bank's choice of funding mix, as well as any required further modelling technique used to estimate its COF rate, should be applied consistently over time;

- d. Each Panel Bank should document, in a clear manner, the choice of the funding mix as well as identify, to the greatest extent possible, circumstances that may warrant deviations from their standard funding mix;
- e. Panel Banks should ensure the robustness of their approach in providing an accurate estimate of their unsecured short-term wholesale funding costs, especially in times of market or institutional stress;
- f. Each Panel Bank's Level 3 contribution shall be accompanied by a daily metadata spreadsheet explaining the sources of information for the determination of the Panel Bank's Level 3 contributions including reference to CP and CD issuance prices;
- g. Panel Banks are required to provide information on their Level 3 determination methods (including methodology descriptions, performance, and independent reviews) to the SFBF upon request;
- h. Any changes to a Panel Bank's Level 3 determination methodology should be brought to the SFBF's attention;
- i. Panel Banks should apply an adequate risk management framework to the governance, documentation, testing, implementation, review, record-keeping, and change control of Level 3 methodologies, in particular the choice of their funding mix;

The approach adopted by each Panel Bank should be reviewed and approved internally at least annually by an independent function within the Panel Bank with sufficient expertise and market knowledge to render an informed judgment and recommendations, if any, for adjustment.

## 7.4 Description of Input Data – Step 2

STEP 2: Bid to Offer Spread Adjustment.

Step 1 of the methodology described in Section 7.1 is anchored in executed transactional evidence, and other sources of data, to calculate an estimate of the rate at which Panel Banks fund themselves in Swedish krona; their cost of funds (COF) rate.

STIBOR represents a measure of the rate applied by Panel Banks for unsecured lending in Swedish krona. The final step of STIBOR's Calculation Methodology addresses the difference in value between the COF rate and STIBOR as lending rate, by adding a 'Bid to Offer Spread' (BOS), which guarantees full representativeness of a Panel Bank's contribution toward STIBOR. The application of the BOS effectively converts the calculated COF rate to that of a lending rate.

The application of the BOS is automatically performed by the STIBOR Calculation Agent system. The following table lists the default value (in basis points) of the BOS adjustment factor for each of STIBOR's official tenors.

Tenor	BOS
Tom/Next	8 basis points
1 Week	10 basis points
1 Month	15 basis points
2 Months	15 basis points
3 Months	15 basis points
6 Months	15 basis points

There are two specific scenarios where Panel Banks are permitted to adjust their default BOS due to specific circumstances that require adjustment to the calculated COF rate determined through the application of Step 1 of the STIBOR Calculation Methodology.

The two specific scenarios for BOS adjustment are:

- Balance-Sheet considerations where the additional cost related to the adjustment of the bank's balance sheet for key reporting dates, most notably over year-end; and
- Riksbank deposit rate where 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.

Panel Banks are required to provide an explanation to justify a BOS adjustment at the time of contribution.

## 8 Contribution of Input Data

Each Panel Bank shall have in place a control framework that ensures the integrity, accuracy, and reliability of Input Data and that this is provided in accordance with EU BMR and this PB Code of Conduct.

### 8.1 Ensuring Integrity and Reliability of Input Data

A Panel Bank shall have in place effective systems and controls to ensure the integrity and reliability of all contributions of Input Data to the SFBF, including:

- a) controls regarding who may submit Input Data to the SFBF including a process for sign-off by a natural person holding a position senior to that of the submitter;
- b) measures for the management of Conflicts of Interest, including organisational separation of employees where appropriate and consideration of how to remove incentives, created by remuneration policies, to manipulate STIBOR;
- c) record-keeping, for a minimum of five years of communications in relation to provision of Input Data, of all information used to enable the Panel Bank to make each contribution, and of all existing or potential Conflicts of Interest including, but not limited to, the Panel Bank's exposure to financial instruments which use STIBOR as a reference;
- d) record-keeping of internal and external audits.

### 8.2 Use of Automated Systems to Contribute Transactional Input Data

Where a Panel Bank uses an automated system for the contribution of transactional Input Data, where submitters are not able to modify the contribution of Input Data, Panel Banks must ensure that they:

- I. are able to monitor the proper functioning of the automated system on a continuous basis; and
- II. check the automated system following any update or change to its software before new Input Data is contributed.

### 8.3 Ensuring Appropriate and Verifiable Input Data

Each Panel Bank will ensure the availability of all information necessary to check where applicable that:

- a) The submitter has been authorised to contribute Input Data on behalf of the Panel Bank;
- b) Input Data is provided by the Panel Bank or is selected from a source specified by the SFBF within a time period prescribed by the SFBF;
- c) Input Data is provided by the Panel Bank in a format specified by the SFBF;
- d) Input Data is contributed from the Input Data sources as per Clause 7.2;

- e) the source of Input Data is reliable;
- f) the Input Data meets the requirements set out in the STIBOR Calculation Methodology in particular the requirements on the currency or the unit of measurement, the tenor, and the types of counterparties;
- g) relevant thresholds for the quantity of Input Data and standards for the quality of Input Data are met in accordance with the STIBOR Calculation Methodology;
- h) the priority of use of different types of Input Data are applied in accordance with the STIBOR Calculation Methodology;
- i) the exercise of any discretion or expert judgement in the contribution of Input Data is applied within the limits of the STIBOR Calculation Methodology and this PB Code of Conduct.

## 8.4 Reporting Lines and Sign-off of Input Data

Each panel bank will ensure that they have:

- a) an outline of responsibilities within the Panel Bank, including internal reporting lines and accountability, the location of submitters and managers and the names of relevant individuals and alternatives;
- b) Internal procedures for sign-off of contributions of Input Data;

## 8.5 Validation Prior to Submission

The Panel Bank should meet this PB Code of Conduct requirements for the validation of Input Data before it is provided to the SFBF.

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### 8.5.1 ERRONEOUS INPUT DATA

Each Panel Bank shall have procedures in place to address any errors discovered in the contributed Input Data.

Panel Banks will disclose to the SFBF any erroneous Input Data submitted during the determination process as soon as it is discovered. Corrections to Input Data after the determination process has been completed, must be submitted according to the SFBF Benchmark Post Publication Re-determination policy.

## 8.6 Suspicious Behaviour, Manipulation and Disciplinary Procedures

### 8.6.1 IDENTIFICATION OF SUSPICIOUS BEHAVIOUR

Each Panel Bank will ensure that it has a defined list of actions that would be considered suspicious, and the following procedures and rules are in place:

- a) effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of conflict of interest where the exchange of that information may affect the Input Data contributed;
- b) rules to avoid collusion among Panel Banks, and between Panel Banks and the SFBF;
- c) measures to prevent, or limit, any person from exercising inappropriate influence over the way in which persons involved in the provision of Input Data carries out those activities.

### 8.6.2 INPUT DATA SYSTEMS AND CONTROLS

A Panel Bank must have in place systems and controls to provide for at least the following:

- a) pre-contribution checks to identify any suspicious Input Data, including effective checking processes in the form of a review of the Input Data by a second person;
- b) post-contribution checks to verify the Input Data has been contributed in accordance with the requirements of this PB Code of Conduct and to identify suspicious Input Data;
- c) monitoring of the transfer of Input Data to the SFBF in accordance with the applicable policies.

## 8.7 Internal Reporting of Suspicious Input Data

Each Panel Bank shall establish documented internal procedures that provide for its staff to report any suspicious Input Data to the Panel Bank's compliance function, if any, and to the Panel Bank's senior management.

## 8.8 Reverse Transactions

A Panel Bank should have in place controls to identify reverse transaction subsequent to the provision of Input Data.

The Compliance function of the Panel Bank shall report any findings, including reverse transactions, to Panel Bank's management on a regular basis.

## 8.9 Disciplinary Procedures

Each Panel Bank will have in place disciplinary procedures in respect of attempts to manipulate, or any failure to report, actual or attempted manipulation by parties external to the contribution process.

## 8.10 Notifications to SFBF

Any attempts to manipulate the submission of Input Data, including breaches of the Panel Bank's own rules related to suspicious behaviour, must be immediately reported to the SFBF using the Whistleblowing mechanism on the SFBF website. The Panel Bank will provide all relevant information regarding the nature of the suspicious behaviour to the SFBF.

A Panel Bank is required to report detected breaches, or errors and the action taken as-a-consequence to the SFBF within one month of the matter being detected.

## 8.11 Periodic Reviews of Input Data and Procedures

Each Panel Bank will conduct regularly reviews, at least annually, of the input data and the procedures, systems and controls established in relation to the contribution of Input Data, and whenever there is a change in this PB Code of Conduct.

## 9 Record Keeping Policies

Each Panel Bank shall ensure records are kept on a medium that allows the storage of information to be accessible for future reference with a documented audit trail.

Each Panel Bank shall have in place record-keeping policies to provide that information be kept for a minimum of five years, or three years where the records are of telephone conversation or electronic communications, on a medium that allows the storage of information to be accessible for future reference.

Each Panel Bank shall keep a record of all relevant information necessary to check the Panel Bank's adherence to this PB Code of Conduct, including a record of at least the following information:

- a) policies and procedures governing the contribution of Input Data and any relevant changes therein;
- b) the register of Conflicts of Interest established;
- c) any disciplinary action taken against any of the Panel Bank's staff in respect of the benchmark related activities;
- d) a list of submitters and persons performing checks in respect of contributions, including their names and roles within the Panel Bank, and the dates when the submission-related roles were authorised and exited;
- e) any interactions of submitters with the SFBF and their appointed Calculation Agent;
- f) sensitivity reports for interest rate swap trading books and other derivative trading books with a significant exposure to interest rate fixings in respect of Input Data;
- g) any queries regarding the contributions of Input Data and the outcome of those queries;

Each Panel Bank shall keep detailed records of all relevant aspects of each contribution of Input Data including:

- I. the contribution of Input Data;
- II. the data taken-into account in determining the Input Data contribution, and any data that was excluded;
- III. any use of discretion;
- IV. any input data checks undertaken
- V. communications in relation to the contribution of Input Data between the submitter and any persons within the Panel Bank performing checks in respect of contributions;
- VI. the process governing Input Data determination and the sign-off of Input Data;
- VII. the names of submitters and their responsibilities;
- VIII. any communications between the submitters and other persons, including internal and external traders and brokers, in relation to the determination or contribution of Input Data.

## 10 Requirement for Access by the Swedish financial supervisory authority

The SFBF and Panel Banks accept that in order to fulfil their duties under EU BMR, the Swedish financial supervisory authority ("*Finansinspektionen*") shall have, in conformity with the national laws of Sweden, the following supervisory and investigatory powers:

- a) access to any document and other data in any form, and to receive or take a copy thereof;
- b) require or demand information from any person involved in the provision of, and contribution to STIBOR, including any service provider to which functions, services, or activities in the provision of STIBOR have been outsourced as well as their principals, and if necessary, summon and question any such person with a view to obtaining information;
- c) carry out on-site inspections or investigations, at sites other than the private residences of natural persons;
- d) enter premises of legal persons, in order to seize documents and other data in any form, where a reasonable suspicion exists that documents and other data related to the subject- matter of the inspection or investigation may be relevant to prove a breach of EU BMR. Where prior authorisation is needed from the judicial authority of Sweden, in accordance with national law, such power shall only be used after having obtained that prior authorisation;
- e) require existing recordings of telephone conversations, electronic communications or other data traffic records held by a Panel Bank;
- f) request the freezing or sequestration of assets or both;
- g) require temporary cessation of any practice that the competent authority considers contrary to EU BMR;
- h) impose a temporary prohibition on the exercise of professional activity.

## 11 Requirement to Provide Information to SFBF

Each Panel Bank, whose Input Data is submitted from a front office function, will provide information relating to the Panel Bank's internal oversight and Input Data verification procedures within a reasonable timeframe, on demand by the SFBF.

Each Panel Bank shall fully cooperate with the SFBF and the Swedish financial supervisory authority ("*Finansinspektionen*") in the auditing and supervision of the provision of STIBOR and make available the information and records kept in accordance with this PB Code of Conduct.

## 12 Audit Provisions

An independent external audit of the Input Data of a STIBOR Panel Bank, compliance with this PB Code of Conduct and the provisions of EU BMR shall be carried out for the first time six months after the introduction of this Panel Bank Code of Conduct<sup>3</sup>, and subsequently every two years.

The STIBOR Oversight Committee may require an external audit of a Panel Bank if dissatisfied with any aspects of its conduct. The audit will be conducted within three months of such a request being made and the Panel Bank will provide all necessary assistance in regard to these enquiries.

## 13 Effect

The procedures detailed in this document shall come into force on 15 November 2021.

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<sup>3</sup> Or the authorisation of STIBOR in accordance with BMR, whichever is the latter

## 14 Definitions

**'Administrator'** means Swedish Financial Benchmark Facility (SFBF) incorporated in Sweden.

**'Benchmark'** means STIBOR®

**'Competent Authority'** is the Swedish financial supervisory authority ("Finansinspektionen") who is the body responsible for authorisation and ongoing supervision of the SFBF under EU BMR.

**'Contribution of Input Data'** means providing any Input Data not readily available to the SFBF, or to another person for the purposes of passing to the SFBF, that is required in connection with the determination of STIBOR and is provided for that purpose.

**'EU BMR'** refers to the Regulation (EU) 2016/1011 of the European Parliament and related Commission Delegated Regulation.

**'Expert judgement'** means the exercise of discretion by a Panel Bank with respect to the use of data in determining their Input Data.

**'Financial instrument'** means any of the instruments listed in Section C of Annex I to Directive 2014/65/EU for which a request for admission to trading on a trading venue, as defined in point (24) of Article 4(1) of Directive 2014/65/EU, has been made or which is traded on a trading venue as defined in point (24) of Article 4(1) of Directive 2014/65/EU or via a systematic internaliser as defined in point (20) of Article 4(1) of that Directive.

**'Input Data'** means the data in respect of the value of one or more underlying assets, or prices, including estimated prices, quotes, committed quotes or other values, used by the SFBF to determine STIBOR.

**'Input Data Source'** means the data that is used by a submitter to determine their Input Data

**'Interest rate benchmark'** means a benchmark at which banks may lend to, or borrow from, other banks, or agents other than banks, in the money market.

**'Panel Bank'** means a supervised entity that contributes Input Data to the SFBF located in the European Union that meets the criteria for inclusion on the STIBOR panel and is either:

- a credit institution as defined in point 1 of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council;
- an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU;
- an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council.

**'STIBOR Post Publication Re-Determination Policy'** means the policy that outlines a recalculation of STIBOR due to the reporting of erroneous Input Data or erroneous calculation and publication of the benchmark.

**'Submitter'** means a natural person employed by the Panel Bank for the purpose of contributing Input Data.

**'Transaction data'** means transactions between unaffiliated counterparties in an active market subject to competitive supply and demand forces.