

Cessation Policy
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1 Introduction

The Swedish Financial Benchmark Facility (SFBF) is the administrator of STIBOR, a critical interest rate benchmark. The SFBF has developed and implemented this Cessation Policy, being a formalised and approved process should the SFBF determine that STIBOR, or one or more tenors, should cease to be made available. The policy also addresses circumstances where the SFBF would be wound down or become insolvent.

2 Consultation Process

This Cessation Policy outlines the processes that the SFBF will undertake in the case that there is a cessation of STIBOR in entirety or to any individual tenor. The scope of this policy is only for the cessation of STIBOR or a tenor of STIBOR and does not include the transition to an alternate benchmark or administrator. This aspect is dealt with in the SFBF Transition Policy.

The key steps that the SFBF will undertake are to:

1. Consult and assess
2. Decide whether to cease the benchmark or particular tenor(s)
3. Notify the Swedish FSA
4. Inform
5. Implement the process of cessation

2.1 Consult and Assess

The Oversight Committee (OC) should consider a range of factors in determining if STIBOR or a tenor should be discontinued.

Potential reasons for discontinuation may include:

- Change in the underlying market that STIBOR represents
- Regulatory action
- Lack of demand for STIBOR generally by stakeholders
- Inability of SFBF to produce STIBOR for commercial or logistical reasons i.e., inability to obtain sufficient Input Data
- Cessation of the administrator as an entity
- Insolvency of the SFBF

Where the OC is considering the cessation of STIBOR or a tenor, a recommendation should be made to the SFBF Board of Directors (the Board) to consult with a broad range of STIBOR stakeholders.

Consideration should also be given as to the merits of transitioning to an alternate benchmark and the feasibility of this in light of the potential timing of the cessation.

The consultation should be conducted in accordance with the SFBF Consultation Policy.

A consultation paper should consider the key impacts to stakeholders and the wider market including:

- Timing of cessation and any likely impacts on existing contracts that reference STIBOR
- Information technology issues associated with the cessation of STIBOR or a tenor
- Any alternate benchmark that could be considered and timings associated with transition to alternatives
- Legal and regulatory implications
- Market disruption issues due to cessation

The results of the consultation process should be used to guide the decision-making process in determining whether to proceed with cessation.

2.2 Decision to Cease Benchmark or Tenor

The Board has the responsibility to determine if STIBOR or a tenor should be discontinued, after recommendation of such action by the OC.

2.3 Implement Process of Cessation

2.3.1 INFORM THE COMPETENT AUTHORITY

If the SFBF, administrator of STIBOR, a critical benchmark, intends to cease providing STIBOR it shall:

- (a) immediately notify its Competent Authority; and
- (b) within four weeks of such notification submit an assessment of how the benchmark:
 - (i) may be transitioned to a new administrator; or
 - (ii) may be ceased to be provided, taking into account the procedure established in BMR Article 28(1). During the period referred to in point (b), the SFBF shall not cease provision of the benchmark.

2.3.2 COMPETENT AUTHORITY ACTIONS IN ACCORDANCE WITH BMR

Upon receipt of the assessment of the SFBF referred to above, the Competent Authority shall:

- (a) inform ESMA and
- (b) within four weeks, make its own assessment of how the benchmark is to be transitioned to a new administrator or be ceased to be provided, taking into account the procedure established in accordance with Article 28(1).

During the period of time referred to in point (b) of the first subparagraph of this paragraph, the SFBF shall not cease the provision of the benchmark without the written consent of the Competent Authority.

Following completion of the assessment referred to in point (b) of clause 2.3.2, the Competent Authority shall have the power to compel the SFBF to continue publishing STIBOR until such time as:

- (a) the provision of STIBOR has been transitioned to a new administrator;
- (b) STIBOR can be ceased to be provided in an orderly fashion; or
- (c) STIBOR is no longer critical.

For the purposes of the first subparagraph, the period for which the Competent Authority may compel the SFBF to continue to publish STIBOR shall not exceed 12 months. By the end of that period, the competent authority shall review its decision to compel the administrator to continue to publish the benchmark. The competent authority may, where necessary, extend that period by an appropriate period not exceeding 12 months. The maximum period of mandatory administration shall not exceed five years.

In the event that the SFBF, is to be wound down due to insolvency proceedings, the Competent Authority shall make an assessment of whether and how STIBOR can be transitioned to a new administrator or can cease to be provided in an orderly fashion, taking into account the procedure established in accordance with BMR Article 28(1).

2.3.3 INFORM STAKEHOLDERS

The SFBF will consider a range of factors prior to informing the market of a cessation. Consideration will be given to:

- Any determination by the Competent Authority impacting the timing of a cessation as described in clause 2.3.2
- Providing sufficient notice to stakeholders and the date and the timing of the cessation
- Transition measures that can be implemented
- Stakeholder engagement and the timing required for them to consider alternative options, modify documentation, seek legal and compliance advice, and modify any materials referencing the benchmark
- Identification of alternate benchmark and plans for migration

Once these issues have been considered, the SFBF will notify the market via press release, its website and other communication tools, including details of the cessation and any other information that would assist stakeholders to understand and take appropriate action.

2.3.4 ONGOING STAKEHOLDER ENGAGEMENT

The SFBF will continue to work closely with stakeholders and regulatory bodies in the case of cessation or transition arrangements to be put in place for migration to an alternate benchmark. See SFBF Transition Policy for more details.

2.4 Policy Review

This policy will be reviewed annually.

2.5 Publication

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