

Transition Policy  
November 2021

# Contents

|     |   |   |
|-----|---|---|
| 1   | Introduction .....                                      | 3 |
| 2   | Legal Basis – European Benchmark Regulation (BMR) ..... | 3 |
| 3   | SFBF Transition Policy .....                            | 3 |
| 3.1 | Current STIBOR User Fall-back provisions .....          | 3 |
| 3.2 | Responsibility for the Policy .....                     | 3 |
| 3.3 | Criteria for selection of alternate benchmark .....     | 4 |
| 3.4 | Practicality of operating a parallel benchmark .....    | 4 |
| 3.5 | Procedures if no alternative benchmark available.....   | 4 |
| 3.6 | Stakeholder Engagement .....                            | 4 |
| 3.7 | Policy Review .....                                     | 5 |
| 3.8 | Publication .....                                       | 5 |

Copyright © 2021 by Swedish Financial Benchmark Facility (SFBF) all rights reserved. This document or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the SFBF.

# 1 Introduction

This transition policy outlines the steps that SFBF will take in order to affect an orderly transition, either to a new benchmark administrator in the case that SFBF can no longer administer STIBOR or in the case that STIBOR is discontinued - to an alternative benchmark – if such a benchmark exists.

## 2 Legal Basis – European Benchmark Regulation (BMR)

BMR Article 28 contains the following provisions connected a situation where a benchmark is to be changed or not to be provided any more:

- 1. An administrator shall publish, together with the benchmark statement referred to in Article 27, a procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the Union in accordance with Article 29(1). The procedure may be drafted, where applicable, for families of benchmarks and shall be updated and published whenever a material change occurs.*
- 2. Supervised entities other than an administrator as referred to in paragraph 1 that use a benchmark shall produce and maintain robust written plans setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided. Where feasible and appropriate, such plans shall nominate one or several alternative benchmarks that could be referenced to substitute the benchmarks no longer provided, indicating why such benchmarks would be suitable alternatives. The supervised entities shall, upon request, provide the relevant competent authority with those plans and any updates and shall reflect them in the contractual relationship with clients.*

## 3 SFBF Transition Policy

### 3.1 Current STIBOR User Fall-back provisions

SFBF provides STIBOR to users on the basis that there are a number of factors that may affect the publication, including factors outside the control of SFBF. Users are made aware that, while SFBF has developed business continuity plans and fall-back provisions for the production and distribution of STIBOR, users should have in place their own fall back provisions in the case that there was a material change in the nature of STIBOR or a cessation of STIBOR.

### 3.2 Responsibility for the Policy

The SFBF Board is responsible for the Transition Policy, and will take into consideration recommendations, in regard to this policy or any actions associated with this policy, made by the SFBF Oversight Committee.

The Board will consider a number of issues in relation to this policy:

- Criteria for selection of a credible alternate benchmark
- Practicality of operating parallel benchmarks
- Procedures if no alternate benchmark is available

- Stakeholder Engagement for any transition arrangements
- SFBF's inability for any reason to continue to operate as the administrator of STIBOR, leading to the cessation of the benchmark.

### 3.3 Criteria for selection of alternate benchmark

The SFBF has criteria to determine if there is a benchmark that closely matches STIBOR that may be considered as a viable alternative.

Such criteria include:

- Other benchmarks that measure the same underlying market that STIBOR measures
- Other benchmarks that measure similar underlying markets where there is a known differential between that market and the market STIBOR measures

### 3.4 Practicality of operating a parallel benchmark

The purpose of operating a parallel benchmark would be to allow sufficient time SFBF to conduct an orderly transition to a new benchmark.

If an acceptable substitute benchmark is available and users of STIBOR can switch to this substitute at minimal costs the SFBF will supply evidence of that in a written report for the Swedish FSA. The report will detail the means of transition to a substitute benchmark and the ability and costs to users of transitioning to the new benchmark.

In the case that it is not practical, for logistical, commercial, legal or user acceptance reasons, to identify a suitable alternative benchmark to transition to, and the SFBF has decided to cease producing STIBOR then it would implement a cessation of STIBOR in accordance with the SFBF 18020 Cessation Policy.

### 3.5 Procedures if no alternative benchmark available

In the case that there are published recommendations on alternative benchmarks, the SFBF Board will assess and evaluate whether the recommendation can be applied.

In the case that there are no alternative benchmarks in which to transition, the SFBF Board will continue with the Cessation Policy and will inform the market of its decision to cease providing STIBOR at a suitable time in the future.

The Cessation Policy outlines the steps that SFBF will take when ceasing to provide STIBOR, including notification to the Swedish FSA and any actions they may take in respect of mandatory administration.

### 3.6 Stakeholder Engagement

Were SFBF to identify an alternative benchmark, it would conduct a consultation to fully understand the views of stakeholders, the suitability of the alternative benchmark and any

transition issues that may need to be addressed. These issues would then be taken into account when considering a potential cessation of STIBOR and management of an orderly transition to the identified alternative benchmark.

### 3.7 Policy Review

This policy will be reviewed annually.

### 3.8 Publication

The Transition policy will be made available to interested parties on request.