

STIBOR Benchmark Statement
March 2025

Contents

1	Introduction	3
2	About STIBOR.....	3
3	Definition and determination of STIBOR.....	4
4	The Swedish financial market in the context of STIBOR	4
5	Potential limitations of STIBOR.....	4
6	STIBOR Calculation Methodology	5
6.1	Overview of the STIBOR Calculation Methodology.....	5
6.2	STIBOR Calculation Methodology Explained	6
6.3	Minimum Input Data needed to determine STIBOR.....	7
6.4	Quorum for Calculation.....	8
6.5	Expert Judgement.....	8
7	Public consultation and material changes	9
8	Transition or the cessation of STIBOR	9
9	Publication Delay Procedures.....	11
10	Post Publication Re-determination procedures	11
11	ESG objective.....	12
12	Updates to this benchmark statement.....	12
12.1	Version control.....	12
Appendix 1 - The specific requirements of BMR Annex 1 for interest rate benchmarks.....		13
A1.1	Accurate and sufficient data used in a hierarchy.....	13
A1.2	An independent Oversight Committee	13
A1.3	An independent external audit of compliance.....	14
A1.4	Contributor systems and controls.....	14
Appendix 2 - The specific requirements of BMR for critical benchmarks		16
A2.1	External audit frequency	16
A2.2	Presentation of Code of Conduct to the competent authority	16
A2.3	Mandatory administration of a critical benchmark	16
A2.4	Mitigation of market power of critical benchmark administrators.....	16
A2.5	Mandatory contribution to a critical benchmark.....	16
Appendix 3 - Definitions		17

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1 Introduction

This benchmark statement is published in compliance with Article 27 of the European Benchmark Regulation¹ (BMR) and the accompanying Commission Delegated Regulation.

This benchmark statement is published by the Swedish Financial Benchmark Facility (SFBF) the administrator of STIBOR, authorised by the Swedish Financial Authority, pursuant to Article 34 of the BMR, and is as such included in the Benchmark Administrators register of the European Securities and Markets Authority (ESMA).

2 About STIBOR

STIBOR is deemed an 'interest rate benchmark' as it meets the definition of an interest rate benchmark under BMR. STIBOR was designated as a 'critical benchmark' on 17 October 2018 in accordance with Commission Implementing Regulation (EU) 2018/1557. As a critical interest rate benchmark STIBOR is subject to an enhanced regulatory regime under BMR, specifically Articles 20, 21, 22 and 23 and Annex I.

STIBOR is calculated using a defined mix of evidenced transaction data, where available, and contributions (input data) received from a select group of Panel Banks. STIBOR has 6 tenors and is published at 11:00am local time, Stockholm on all days banks are open in Sweden.

The international securities identification numbers (ISINs) for STIBOR are:

TENOR	ISIN
STIBOR TN	SE0020678456
STIBOR 1W	SE0020678787
STIBOR 1M	SE0020678795
STIBOR 2M	SE0020678803
STIBOR 3M	SE0020678811
STIBOR 6M	SE0020678829

A list of Panel Banks can be found published on the SFBF website.

The STIBOR Governance Code of Conduct sets out the governance, control and accountability frameworks established by SFBF for the provision of STIBOR. The STIBOR Governance Code of Conduct 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:

- The STIBOR Panel Bank Code of Conduct, which sets out the requirements for Panel Banks in providing input data contributions to the SFBF for the provision of STIBOR.
- The STIBOR Code of Obligations of Calculation Agent, which sets out the requirements for the Calculation Agent in acting as an agent of the SFBF for the determination of STIBOR.
- The STIBOR Calculation Methodology, 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.

¹ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

3 Definition and determination of STIBOR

“STIBOR is a measure of the interest rate applied by Panel Banks for unsecured lending in Swedish krona (SEK) to leading banks”². The tenors for STIBOR are Tom/Next, 1 week, 1, 2, 3, and 6 months. Each tenor is calculated by the application of a 3-level input data waterfall which gives priority to transactional evidence as described in the STIBOR Calculation Methodology. Panel Banks contribute input data in accordance with the STIBOR Panel Bank Code of Conduct and the STIBOR Calculation Methodology.

In the development of the STIBOR Calculation Methodology, SFBF has sought to endow STIBOR with a methodology anchored in evidenced, actual transactions, to the greatest extent possible, while specifying calculation rules for cases in which additional techniques and data may be used. The specificities of the Swedish money market has been considered in the formulation of the STIBOR Calculation Methodology.

4 The Swedish financial market in the context of STIBOR

STIBOR, currently the key financial benchmark for Sweden, defines daily the average rate that STIBOR Panel Banks would apply for unsecured lending in SEK to leading banks. As such, STIBOR has established itself as the most relevant reference rate, plus margin where relevant, for the settlement of financial contracts, most notably being commercial lending, and interest rate derivatives contracts. Users of STIBOR are domiciled both in Sweden and globally and range from market professionals such as financial institutions and large sophisticated corporates to retail customers where STIBOR has been used as a reference for loan agreements.

Panel Banks source short-term funding through unsecured term deposits and the issuance of short-term securities such as commercial paper (CP) and certificates of deposits (CD's) in both the local Swedish market and foreign currency markets such as United States dollars, euros and other currencies (including British pounds). For foreign currency issuance banks can either retain the funds in the currency of issue or convert them into Swedish krona through the foreign exchange market. There are no geographical boundaries for the markets accessed for funding. The panel consists of seven banks of which five are domiciled in Sweden, one in Denmark and one in Finland.

According to Statistics Sweden³, in 2024, total issuance of unsecured money market instruments in various currencies, by Swedish Monetary Financial Institutions (MFIs) correspond to 1,666 billion SEK in 2024, or 7 billion SEK per trading day.

5 Potential limitations of STIBOR

Potential limitations of STIBOR, in particular the circumstances in which the measurement of the underlying market may become unreliable, are as follows:

- a. If there is lack of sufficient input data to determine STIBOR

The STIBOR Calculation Methodology relies upon Panel Bank reported transaction data. In the absence of qualifying transaction data Panel Banks are required to contribute input data for the third level of the waterfall methodology. The STIBOR Calculation Methodology contains contingency procedures to cater for a reduced number of Panel Bank contributions. These procedures are designed to ensure that STIBOR can be published every day that banks are open in Stockholm.

- b. If the degree of liquidity in the underlying market becomes insufficient to provide input data to determine STIBOR

² A leading bank is defined as a bank of investment grade credit rating that is a participant in money and foreign exchange markets on competitive terms

³ [Outstanding and issued amount during the month and yield. Month 2013M03 - 2024M12 \(scb.se\)](#)

Banks in Sweden source funding through both the local Swedish market, but also foreign currency markets through the issuance of commercial paper (CP) and certificates of deposits (CD's). As these foreign currency markets are generally highly liquid there is a low probability that the liquidity would be insufficient to provide the Panel Banks with enough information to provide input data in accordance with the waterfall calculation methodology. If the CD and CP markets demonstrate conditions of low liquidity, then the use of SEK corporate transactions provides a useful source of transactional information.

- c. If a Panel Bank's transactions in the underlying markets described above are not sufficient from which to base its contribution, its expert judgement in relation to the following information should be considered and applied:

If a Panel Bank's available information in the underlying markets is insufficient from which to base its input data contribution, it can apply expert judgement in relation to determining its input data. The use of expert judgment or discretion by Panel Banks makes it highly unlikely that an insufficient degree of liquidity in the underlying market would endanger the integrity and reliability of STIBOR's determination.

In extreme cases, such as natural disasters or extreme market events that lead to less than four Panel Banks contributing input data, the contingency calculation will be applied for an indefinite period. Stakeholders can be assured that should the contingency calculation be applied that after three consecutive business days the SFBF, as administrator, will consider all matters in respect to the immediate future publication of STIBOR.

6 STIBOR Calculation Methodology

6.1 Overview of the STIBOR Calculation Methodology

In the early days of STIBOR, the contributing banks were active participants in the Swedish money market. It was usual for banks to obtain their short-term funding through this market by borrowing from other banks in the Swedish money market. For every borrower there was a corresponding lender and the STIBOR contributing banks would provide their lending rate information for the calculation of STIBOR.

Over more recent years banks participating in the Swedish market have sourced their funding from foreign currency markets in addition to the Swedish market. Issuance of foreign currency CD's and CP in currencies such as United States dollars, euro, and other currencies (including British pounds) have been widely used as a source of funding. Funds received in foreign currency have either been retained in the foreign currency to fund foreign currency liabilities or converted into Swedish krona if desired using the forward foreign exchange market.

The calculation methodology is designed to ensure that transactions are used to the greatest extent possible. A waterfall methodology is applied with actual Panel Bank transactions being provided directly to the SFBF as administrator to calculate a Panel Bank cost of funds rate. Actual transactions are further employed by SFBF through the application of interpolation and extrapolation and the use of a Market Adjustment Factor which allows for transactions from up to 5 previous business days to be used. Where transactional data is insufficient to produce a tenor Panel Banks submit their estimated cost of funds rate based upon CD and CP issuance prices, or if unavailable their estimations based upon their expert judgement.

As the calculation methodology produces a cost of funds, whereas STIBOR is an offered rate, there is a requirement to add a Bid to Offer Spread (BOS) to the cost of funds to produce the STIBOR rates.

6.2 STIBOR Calculation Methodology Explained

STIBOR is determined using a three-level hierarchical waterfall of input data contributed by a panel of credit institutions (Panel Banks) that are representative of the Swedish financial market. A Panel Bank's contribution is based on executed transactions, when available, and on a combination of other sources of information and mathematical techniques when transactional evidence is insufficient. The calculation process of a Panel Bank's contribution toward STIBOR is divided in two distinct steps:

Step 1 - A measure of the contributing Panel Bank's cost of funds is 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. As STIBOR represents a measure of the rate applied by Panel Bank's for unsecured lending in Swedish krona the final step of STIBOR's Calculation Methodology addresses this difference in value between a lending rate (Offer) and the cost of funds rate (Bid) by adding a 'Bid to Offer Spread' (BOS), which guarantees full representativeness of a Panel Bank's contribution toward STIBOR, effectively moving the calculated COF rate to that of a lending rate.

To the greatest extent possible a Panel Bank's cost of funds is determined in Step 1 using Panel Bank contributed transactional evidence for input data. To ensure robustness in the absence of transactions the STIBOR Calculation Methodology follows a hierarchical waterfall consisting of three levels. These levels are employed progressively and, in the order, specified below:

- Level 1 consists of contributions based on transactions executed by the Panel Bank during the previous business day that reflect the Panel Bank's cost of funds.
- Level 2 consists of contributions derived from the evidence of Level 1 transactions, using interpolation, extrapolation, and the application of a Market Adjustment Factor (MAF).
- Level 3 consists of contributions based on CP and CD's issuance prices, using data through the application of a combination of modelling techniques and the Panel Bank's judgement.

A high-level description of the three levels of the waterfall calculation methodology is presented in Figure 2.

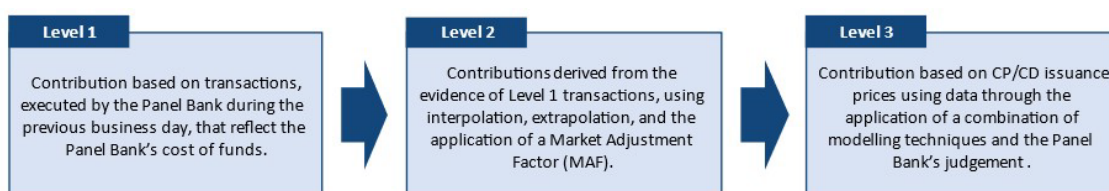


Figure 2: Diagram of STIBOR's Input Data waterfall

After an estimate of the Panel Banks' cost of funds has been obtained in Step 1 the STIBOR determination process progresses to Step 2. In Step 2 the STIBOR calculation system adds a Bid to Offer Spread (BOS), which represents the difference between the calculated estimated cost of funds rate and STIBOR's underlying interest.

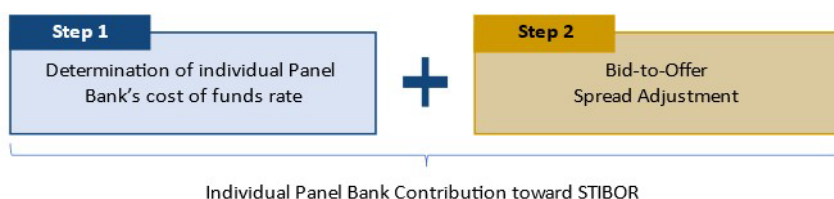


Figure 3: Determination of Panel Bank's contribution toward STIBOR

SFBF has defined two specific scenarios where Panel Banks may be allowed to alter the default BOS due to specific circumstances that require adjustment to the calculated COF rate under Step 1 of the STIBOR calculation methodology.

The two specific scenarios are:

- Balance-Sheet Considerations - the additional cost related to the adjustment of the bank's balance sheet for key reporting dates, most notably over year-end.
- Funding variances – specific market conditions may produce fundings at levels which is out of line with the Panel Bank's internally modelled SEK term rate structure, based on the current and future expected levels of the Riksbank Policy Rate. Under such a scenario, an adjustment of the BOS will be required to contribute an offered rate in line with the perceived SEK term rate structure.

After all contributions have been calculated, STIBOR is determined as a trimmed arithmetic mean of the resulting rates, following the rules described in the waterfall calculation methodology.

The STIBOR Calculation Methodology document describes in detail the calculation process, but in summary it is the mathematical arithmetic mean (rounded to three decimal places) of the Panel Bank contributed input data, with topping and tailing applied depending upon the number of contributions received. The receipt by the SFBF of a number of Panel Bank contributions ensures that there is a sufficiency of input data to produce an accurate and reliable STIBOR output.

The STIBOR Oversight Committee (OC) has the responsibility to review the STIBOR Calculation Methodology. As described in the STIBOR Oversight Committee Terms of Reference the committee must undertake a review of all aspects of the determination methodology at a minimum annually. In reviewing the methodology, the OC considers the underlying market dynamics and the usage of STIBOR.

6.3 Minimum Input Data needed to determine STIBOR

After the calculation of all Panel Bank contributions using the STIBOR Calculation Methodology outliers are removed using a technique that aims at removing any idiosyncratic (non-market driven) volatility and reducing any potential for manipulation.

No. of Panel Bank contributions	Calculation method and contingency calculations (applied separately for each tenor)
9 or more	Arithmetic mean of the rates, net of the two highest and two lowest rates
6 - 8	Arithmetic mean of the remaining rates net of the highest and lowest rates
4 - 5	Arithmetic mean of all contributions
2 – 3 Contingency	The shortfall of one or two contributions will be replaced by using the previous day's STIBOR rates once or twice respectively
0-1 Contingency	Yesterday's STIBOR rate will be published

Once announced and published, the STIBOR rates shall be final, subject to the STIBOR Post Publication Re-determination policy.

Panel Banks have a responsibility to notify SFBF immediately on discovery of erroneous input data. Panel Banks will be able to notify SFBF of any erroneous input data for the purposes of a re-determination calculation any time after the initial publication and prior to 1:00pm each day. Any other erroneous input data reported outside of the notification period will be documented and presented to the STIBOR Oversight Committee for consideration in the context of continuous improvement measures. A summary of such erroneous input data is published on the SFBF website on a quarterly basis following presentation to the STIBOR Oversight Committee.

6.4 Quorum for Calculation

The quorum for calculation is 4. In the case that less than 4 contributions are received the contingency calculation will apply.

6.5 Expert Judgement

BMR recognises the importance of utilising the expertise of contributors to ensure that input data accurately measures the underlying market that forms the basis for the calculation of STIBOR. The STIBOR Calculation Methodology maximises the use of transactions to the greatest extent possible, but there are occasions when transactional data will not be able to automatically calculate a COF rate for one or more tenors. In such circumstances Panel Banks provide their Level 3 contributions in accordance with the guidelines detailed in the STIBOR Panel Bank Code of Conduct.

The controls and rules required by BMR in the exercise of expert judgement are detailed in the STIBOR Panel Bank Code of Conduct, including the requirement for submitters to have the necessary skills, knowledge, training, and experience for their role. In addition, Panel Banks are required to document the funding mix model that they reference for the determination of their Level 3 contributions. A robust documented approach provides for a consistent application of expert judgement by the Panel Bank submitters to produce contributions that are an accurate estimate of the Panel Bank's unsecured short-term wholesale funding costs.

Each Panel Bank's Level 3 contribution is accompanied by a daily metadata spreadsheet provided to SFBF explaining the sources of information for the determination of the Panel Bank's Level 3 contributions including reference to CP and CD issuance prices. Panel Banks are required to provide information on their Level 3 determination methods (including methodology descriptions, performance, and independent reviews) to SFBF upon request, and any changes to a Panel Bank's Level 3 determination methodology is brought to SFBF's attention.

Panel Banks are required to 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.

An adjustment by Panel Banks to the default Bid to Offer Spread requires the application of expert judgement. A spread adjustment, as permitted under the two defined scenarios, is undertaken in accordance with the Panel Bank's control framework, providing a traceable and verifiable record.

Where the contribution of input data relies on expert judgement, the policies of a Panel Bank in relation of the use of judgement or the exercise of discretion shall include:

- a. a framework for ensuring consistency between different submitters, and consistency over time, in relation to the use of judgement or the exercise of discretion
- b. identification of the information that can be used to support expert judgement or discretion, and of any information that should not be taken into account
- c. procedures for the systematic review of any use of expert judgement

Each Panel Bank is required to maintain records of the input data source that was considered for each contribution and any related exercise of discretion.

SFBF carries out post publication analysis of all input data (including where discretion may have been applied) to identify suspicious or anomalous data and investigate further as appropriate. As the administrator, SFBF does not apply any discretion in the determination of STIBOR.

7 Public consultation and material changes

SFBF has developed procedures for the review of STIBOR's Calculation Methodology. In circumstances where a material review of STIBOR is being considered, SFBF will conduct a public consultation to gather feedback from key stakeholders, including users of STIBOR. Users will be advised that any proposed change or cessation of STIBOR may have an impact on financial contracts and instruments that reference it and/or the measurement of other related financial products.

SFBF has developed a Consultation Policy, which describes the circumstances under which a consultation will be undertaken and the process applicable for the conduct of a consultation.

8 Transition or the cessation of STIBOR

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. STIBOR has very few appropriate substitutes and should it no longer be fully representative of the underlying market and is decided to be ceased there may be degrees of adverse impact on market integrity and financial stability. Users of STIBOR are made aware that, while SFBF has developed business continuity plans and fall-back provisions for the production and distribution of STIBOR, they should have in place their own fall-back provisions in the case that there was a material change in the nature of STIBOR.

As the administrator of a designated critical benchmark, SFBF is required to follow the procedures detailed in Article 21 of BMR should it wish to cease to provide STIBOR, including informing the Competent Authority of its decision and providing it, within four weeks, with an assessment of how STIBOR is to be ceased and transitioned. During the four-week period SFBF is not permitted to cease offering STIBOR.

SFBF has policies and procedures to address the need for the possible cessation or transition of STIBOR. These outline the steps following cessation that SFBF would take in order to affect an orderly transition to an alternative benchmark – if such a benchmark were to exist or transition to a new benchmark administrator in the case that SFBF can no longer administer STIBOR.

The SFBF Cessation Policy outlines the processes that SFBF will undertake in the case that there is a requirement for the cessation of STIBOR in entirety or any individual tenor. The scope of the policy is only for the cessation of a tenor or the entire benchmark and does not include the transition to alternate benchmarks which is covered in the SFBF Transition Policy.

The key steps that the SFBF will undertake regarding cessation of STIBOR are:

- Consult and assess
- Decision to cease calculation of the benchmark or an individual tenor(s)
- Notify the Competent Authority
- Inform users
- Implement a process of cessation

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 from Panel Banks
- Winding down SFBF as an entity
- Insolvency of SFBF

In circumstances where the STIBOR Oversight Committee is considering the cessation of STIBOR or a tenor, a recommendation would be made to the SFBF Board to consult with stakeholders (including but not limited to benchmark users, contributors, and information vendors).

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

The consultation paper would 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
- 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 would be used to guide the decision-making process in determining whether to proceed with cessation.

The Competent Authority has 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.

The period for which the Competent Authority may compel 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 SFBF to continue to publish STIBOR and may, where necessary, extend the time period by an appropriate period not exceeding a further 12 months. The maximum period of mandatory administration shall not exceed 5 years in total.

The SFBF Transition Policy details the considerations made by the SFBF Board in relation to a transition to an alternative benchmark or benchmark administrator including:

- Criteria for selection of credible alternate benchmarks
- Practicality of operating parallel benchmarks

- Procedures if no alternate benchmark is available
- Stakeholder engagement for any transition arrangements, related to the benchmark or the administrator

In the event that SFBF, as the administrator of STIBOR, is to be wound down due to insolvency proceedings, the Competent Authority shall assess 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).

The SFBF Transition and Cessation policies are available on the SFBF website.

9 Publication Delay Procedures

In the event of an interruption to SFBF operations due to a disruptive event the Calculation Agent business continuity plan (BCP) will be put into effect. SFBF has the capability for contingencies to undertake the determination and publication of STIBOR in the event of the Calculation Agent helpdesk function being unable to provide their services. Under exceptional circumstances the publication time of STIBOR might be delayed past the standard 11:00am. Under a disaster recovery plan (DRP) scenario the helpdesk function has the responsibility to communicate to the Panel Banks and the approved information vendors that a DRP event has occurred, and that the STIBOR publication may be delayed. Under DRP procedures STIBOR will be published by 12:30pm.

If a re-determination of STIBOR is required in accordance with the STIBOR Post Publication Re-determination policy a re-determined STIBOR rate will be published before 3:00pm local time at the latest, having announced the intention to republish corrected STIBOR by 2:00pm local time.

10 Post Publication Re-determination procedures

The Post Publication Re-determination Policy details the procedures for reviewing a published rate in circumstances where SFBF personnel, Panel Bank employees or any end-user of STIBOR believes that a published rate may be materially incorrect.

The table below indicates the timing for the STIBOR determination process including the timing for notifications of erroneous input data and the post publication re-determination process.

Activity	Key times
Contribution of transactional evidence	6:30am - 9:00am
Contribution of COF and any BOS adjustment	9:00am – 10:00am
Calculation and Publication of STIBOR	11:00am
DRP calculation time	12:30pm
Reporting of errors	11:00am – 1:00pm
Notification of re-determination	2:00pm
Re-determination time	3:00pm

11 ESG objective

STIBOR is not regarded as an EU Climate Transition Benchmark or EU Paris-aligned Benchmark. SFBF therefore does not currently pursue ESG (environmental, social and governance) objectives or consider ESG factors as per BMR Article 27(2a).

12 Updates to this benchmark statement

SFBF will review and, where necessary, update this benchmark statement in the event of any changes to the information within it and at least every two years. An update will be provided whenever the information is no longer correct or sufficiently precise and at least where:

- there is a change in the classification of STIBOR
- there is a material change in the methodology for determining STIBOR

12.1 Version control

Version	Issue Date	Changes
1.0	5 May 2023	Original release
1.1	20 Sep. 2023	International Securities Identification Number (ISIN) added for all tenors.
1.2	6 March 2025	Biennial review. Editorial changes.

Appendix 1 - The specific requirements of BMR Annex 1 for interest rate benchmarks

Under Annex I of BMR additional regulatory regime is applicable. The requirements and arrangements that have been put in place by the SFBF to comply with it are as follows:

A1.1 Accurate and sufficient data used in a hierarchy

BMR requires the input data contributed by Panel Banks to be accurate and sufficient and the priority of use of transactional evidence and input data shall be as follows:

- I. a contributor's transactions in the defined underlying markets
- II. a contributor's observations of third-party transactions in those markets
- III. committed quotes
- IV. indicative quotes or expert judgements

SFBF has developed a calculation methodology and hierarchy of inputs for STIBOR. The calculation methodology describes the waterfall hierarchy for the contribution of input data by Panel Banks, which states the priority of use of input data that shall be followed. Panel Banks are required to abide by these rules under the SFBF STIBOR Panel Bank Code of Conduct.

A1.2 An independent Oversight Committee

BMR states the following requirements for the oversight function of an interest rate benchmark:

- I. the administrator of an interest rate benchmark shall have in place an independent oversight committee. Details of the membership of that committee shall be made public, along with any declarations of any conflict of interest and the processes for election or nomination of its members
- II. the oversight committee shall hold no less than one meeting every four months and shall keep minutes of each such meeting
- III. the oversight committee shall operate with integrity and shall have all the responsibilities provided for in Article 5(3) of BMR

SFBF has established an oversight committee known as the STIBOR Oversight Committee (OC). The OC meets at a minimum quarterly with redacted minutes available on SFBF's website. The OC has the primary governance oversight of the methodology, determination, and dissemination of STIBOR. The OC's purpose is to support the integrity, accuracy, and reliability of STIBOR to the benefit of all users of STIBOR and reliant market participants. It achieves this through regular meetings to review, endorse or challenge decisions of the SFBF Board that have an impact STIBOR.

Details of the membership of the OC, along with any declarations of any conflict of interest are published on the SFBF website.

The responsibilities of the OC and the processes of membership nomination is described in the SFBF STIBOR Oversight Committee Terms of Reference document published on the SFBF website.

A1.3 An independent external audit of compliance

SFBF confirms that an external audit to review and report on the Panel Banks' compliance with the benchmark methodology and BMR is being carried out consistent to BMR as stated in the STIBOR Panel Bank Code of Conduct. The first external audit was carried out six months after the introduction of the Code of Conduct and is subsequently carried out every two years.

The OC 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 as required by the STIBOR Panel Bank Code of Conduct.

A1.4 Contributor systems and controls

Under the Annex I of BMR, a contributor's systems and controls shall include following:

- I. an outline of responsibilities within each firm, including internal reporting lines and accountability, including the location of submitters and managers and the names of relevant individuals and alternates
- II. internal procedures for sign-off of contributions of input data
- III. disciplinary procedures in respect of attempts to manipulate, or any failure to report, actual or attempted manipulation by parties external to the contribution process
- IV. effective conflicts of interest management procedures and communication controls, both within contributors and between contributors and other third parties, to avoid any inappropriate external influence over those responsible for submitting rates. Submitters shall work in locations physically separated from interest rate derivatives traders;
- V. 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 benchmark data contributed
- VI. rules to avoid collusion among contributors, and between contributors and the benchmark administrators
- VII. 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
- VIII. 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;
- IX. controls to identify any reverse transaction subsequent to the provision of input data

In addition, a contributor to an interest rate benchmark shall keep detailed records of the following:

- I. all relevant aspects of contributions of input data
- II. the process governing input data determination and the sign-off of input data
- III. the names of submitters and their responsibilities
- IV. 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

- V. any interaction of submitters with the administrator or any Calculation Agent
- VI. any queries regarding the input data and their outcome of those queries
- VII. sensitivity reports for interest rate swap trading books and any other derivative trading book with a significant exposure to interest rate benchmarks in respect of input data

All above-mentioned requirements are included within the STIBOR Panel Bank Code of Conduct. Each contributor's submitter and the direct managers of that submitter acknowledge in writing that they have read the SFBF Panel Bank Code of Conduct and that they will comply with it.

Appendix 2 - The specific requirements of BMR for critical benchmarks

BMR places additional regulatory requirements for administrators of critical benchmarks. The requirements and arrangements that have been put in place by the SFBF to comply with these are as follows:

A2.1 External audit frequency

BMR Article 7(3), requires that administrators of critical benchmarks appoint an independent external auditor to review and report on the administrator's compliance with the benchmark methodology and this Regulation, at least annually.

A2.2 Presentation of Code of Conduct to the competent authority

BMR Article 15(5), requires that within 15 working days from the date of application of the decision to include a critical benchmark in the list referred to in BMR Article 20(1), the administrator of that critical benchmark shall notify the code of conduct to the relevant competent authority. The relevant competent authority shall verify within 30 days whether the content of the code of conduct complies with BMR. In the event that the relevant competent authority finds elements which do not comply with BMR, then BMR Article 15(4) shall apply.

BMR Article 15(4) states that if the relevant competent authority finds that there are elements of a code of conduct which do not comply with BMR, it shall notify the administrator concerned. The administrator shall adjust the code of conduct to ensure that it complies with BMR within 30 days of such a notification.

A2.3 Mandatory administration of a critical benchmark

BMR Article 21 details the procedures that an administrator of a critical benchmark must follow should it intend to cease such a benchmark. The competent authority supervising a critical benchmark administrator has the power to enforce mandatory administration of the critical benchmark, for an initial period of 12 months, until such time that the benchmark has been transitioned to a new administrator, or the benchmark has ceased to be provided in an orderly fashion, or the benchmark is no longer critical. At the completion of the initial period the competent authority shall review its decision and can compel the administrator to continue to publish the benchmark for a further period of 12 months. The maximum period of mandatory administration shall not exceed 5 years.

A2.4 Mitigation of market power of critical benchmark administrators.

BMR Article 22 states that without prejudice to the application of European Union competition law, when providing a critical benchmark, the administrator shall take adequate steps to ensure that licences of, and information relating to, the benchmark are provided to all users on a fair, reasonable, transparent and non-discriminatory basis.

A2.5 Mandatory contribution to a critical benchmark

BMR Article 23 details the powers vested in the competent authority supervising a critical benchmark to compel supervised entities that contribute to a critical benchmark, and entities that are not yet a contributor to the critical benchmark, to provide input data to the administrator of the critical benchmark in accordance with the benchmark methodology, the benchmark code of conduct for contributors and other rules pertaining to the critical benchmark.

The maximum period for mandatory contribution shall not exceed 5 years.

Appendix 3 - Definitions

"Benchmark" shall mean STIBOR®.

"Benchmark Administrator" shall mean the Swedish Financial Benchmark Facility (SFBF).

"Benchmark Regulation (BMR)" shall mean Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

"Business Day" shall always mean Swedish business day, that is a day when banks are open in Sweden, unless explicitly stated otherwise.

"Calculation Agent" shall mean legal entity with delegated responsibility for determining a Benchmark through the application of a formula or other method of calculating the information or expressions of opinions provided for that purpose, in accordance with the Methodology set out by the Administrator.

"Contributor" shall mean a natural or legal person contributing input data.

"DRP" shall mean the Disaster Recovery Plan.

"Input data" shall mean the definition of input data, and the priority of input data as described in the SFBF STIBOR Panel Bank Code of Conduct and STIBOR Calculation Methodology.

"Panel Bank" shall mean a bank which has been assigned the status of Panel Bank pursuant to Section 3 of the STIBOR Panel Bank Code of Conduct and contributes input data for the calculation of STIBOR.

"STIBOR" is a measure of the interest rate applied by Panel Banks for unsecured lending in Swedish krona (SEK) to leading banks.

"STIBOR Oversight Committee" "OC" shall mean the committee within the SFBF that has the primary governance oversight of the methodology, determination, and dissemination of STIBOR. The OC's purpose is to support the integrity, accuracy, and reliability of STIBOR to the benefit of all users of STIBOR and reliant market participants.

"T" shall mean the Business Day of Panel Bank input data.

"T+1" shall mean the Business Day upon which STIBOR will be calculated and published.