

# Terms of Reference for the Working Group on Short-Term Reference Rate

---

## Introduction

In November 2020 Danmarks Nationalbank took over the responsibility of the proposed new Danish reference rate, DESTR. At the same time a new working group was announced that shall prepare an adoption plan for DESTR and a proposal for the discontinuation of the existing Tom/Next rate.

## Composition of the Working Group on Short-term reference rate

The working group will be an industry group chaired by a representative from the private sector. It will comprise senior officials from credit institutions present in the Danish market with relevant expertise. Firms will be granted membership of the working group by invitation only, with individual working group members appointed by member firms.

Representatives from Danmarks Nationalbank and the Danish FSA will participate in the working group as observers and Danmarks Nationalbank will provide Secretariat.

Danish Financial Benchmark Facility (DFBF) will also be invited to participate in the working group as a non-voting member, in view of its role as administrator of the existing Danish benchmarks. Additional institutions may be invited to participate as non-voting members, such as market associations.

The working group may on specific aspects establish sub-groups, which will report to the working group.

## Deliverables of the working group

The working group is expected to provide the following deliverables:

1. *Make a recommendation on the preferred short-term reference rate in Danish krone.*
2. *Develop an adoption plan for DESTR and a proposal for the discontinuation of the existing Tom/Next rate.* In case DESTR is recommended in the first deliverable as the preferred short-term reference rate the working group should create an adoption plan for DESTR, including a transition plan and a timeline for the transition from and discontinuation of the Tom/Next rate.

## Indicative timeline

The working group should make their final recommendation on the preferred reference rate in the first half of 2021. The adoption plan should then follow in the second half of 2021.

## Governance of the working group

A call for expressions of interest is being launched for those firms that are interested in participating in the working group. This call is primarily aimed at credit institutions, but other, non-banking institutions or associations are also welcome to flag their interest in actively contributing to the activities of the working group.

Membership of the working group will be granted by invitation only from Danmarks Nationalbank, with individual working group members appointed by member firms. Individual members of the working group are expected to represent their respective firms and draw on their firm's resources where appropriate. Participation in the working group or any substructure will not give rise to remuneration or other emoluments.

For voting and decision-making, each member firm will have one vote. Observers and non-voting members will not be eligible to vote. Decisions and recommendations of the working group should be reached by consensus, if possible, or otherwise by a two-thirds majority where necessary. Any sub-groups will need to report on a regular basis to the working group and will be purely advisory and will not be able to take formal decisions.

The working group's recommendations will not commit individual firms or public authorities to specific actions. The working group's recommendations and publications will represent the views of its private-sector members only and should not be taken as approved by, or even as representing, the views of the public authorities concerned.

Danmarks Nationalbank will disclose these terms of reference, the institutional membership of the working group, meeting agendas and minutes, once approved, on its public website.

Any information disclosed or opinions expressed during working group or sub-group meetings will be treated as confidential unless and until the working group has authorised their public release. Working group and sub-group members may be exposed to sensitive and potentially material non-public information in the course of their work. It is understood that working group or sub-group members' staff may see some documents related to the working group or sub-group. Nonetheless any unnecessary involvement of third parties in handling this material is strongly discouraged. Whenever working group or sub-group documentation is seen by third parties, individual members will be held responsible for ensuring that those third parties are aware of and respect the confidentiality and sensitivity associated with the working group, its sub-groups and the documents in question.

## **Competition law**

It is the responsibility of working group and sub-group members to ensure that they understand their responsibilities under all applicable competition laws, including EU competition law.