

# Final Recommendation on the transition from Tom/Next to DESTR

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Following the [public consultation](#) on the transition from Tom/Next to DESTR the [Working Group on Short-Term Reference Rates](#) recommends that the Danish Financial Benchmark Facility (DFBF), as the administrator of the Tom/Next rate, takes the following steps in due time before the launch of DESTR:

1. Modify the current Tom/Next methodology to become DESTR plus a spread for a limited period;
2. Apply a transition period until 1 January 2026 before discontinuing the publication of Tom/Next under its evolved methodology to ensure firms can achieve transition to DESTR in a smooth manner and that pay due regard of the existing Tom/Next contracts.

The working group also invites DFBF to take the following considerations into account:

1. Consider a Tom/Next-DESTR spread methodology based on a simple average with an observation period starting at the earliest 19 March 2021 and lasting between 9-12 months;
2. That the recalibration methodology and the effective determination of the spread are announced before DESTR's first day of publication;
3. That the recalibration date is on the first day of DESTR's publication.

Further, the Working Group recommends market participants to refrain from entering into new contracts based on Tom/Next no later than one year after the launch of DESTR. In addition, it also recommends that market participants replace Tom/Next with DESTR for all products and contracts as well as the basis for collateral interest and make all adjustments necessary for using DESTR as their standard benchmark.

All responses to the public consultation agreed on the proposed transition and have been considered in the final recommendation from the working group. A summary of the responses to the public consultation can be found on Danmarks Nationalbank's [website](#).