

Terms of Reference for the Working Group on CIBOR transition

Background

On 18 November 2025, Finance Denmark announced that they, in cooperation with Danmarks Nationalbank, will establish a new Working Group on CIBOR transition which will analyse and make recommendations on a transition away from CIBOR to transaction-based reference rates.

Transitions away from quote-based IBORs to reference rates anchored in transactions is consistent with international trends and have been completed in many jurisdictions. In some others where IBORs remain - such as the Eurozone - significant reforms have been implemented to ensure that remaining IBORs are predominantly transaction-based.

In June 2021, the Working Group on Short-term Reference Rates recommended DESTR as the preferred risk-free reference rate in Danish kroner. The Working Group found that DESTR will be a robust reference rate that can serve as a strong, reliable anchor in the short end of the curve, enhance a liquid swap and loan market and function as both a complement to and fallback for the CIBOR fixings.

The use of DESTR has, since its introduction in 2022, been firmly established across Danish markets. However, CIBOR is still widely used by market participants, non-financial companies and households. The use of both rates has created a fragmented reference rate landscape in Danish markets.

Membership of the Working Group

A call for expressions of interest will be launched for those firms and other stakeholders that are interested in participating in the Working Group. This call is primarily aimed at credit institutions, but other, non-bank financial institutions such as pension funds, central counterparties (CCPs) and other market association firms, etc. are also welcome to express their interest in actively contributing to the activities of the Working Group.

Membership of the Working Group is selected based upon an assessment of market footprint in markets most directly impacted by CIBOR transition. Membership selection will also seek to achieve a composition such that the Working Group has competencies that can solve the diverse issues that a transition away from CIBOR entails.

The Working Group is comprised of voting members and observers (non-voting). As a starting point credit institutions will participate as voting members, whereas non-credit institutions will participate as observers.

Firms' participation – as voting member or observer – in the Working Group is at the invitation of Finance Denmark and Danmarks Nationalbank with individual attendees nominated by member firms. Nominees will be approved by Finance Denmark and Danmarks Nationalbank. Each member firm can have a maximum of two representatives.

A chair and a vice-chair of the Working Group are appointed by Danmarks Nationalbank and Finance Denmark. The role of the Chair may be subject to rotation with the vice-Chair if necessary.

Representatives from Finance Denmark, Danmarks Nationalbank and the Danish FSA will participate in the Working Group as observers; Finance Denmark and Danmarks Nationalbank will jointly provide Secretariat.

The Secretariat for the Working Group is anchored in Danmarks Nationalbank. The Working Group's physical meetings will be hosted by Danmarks Nationalbank. The Danish FSA will support the work of the Secretariat in selected areas where this is relevant and compatible with its supervisory role.

Danish Financial Benchmark Facility (DFBF) will also be invited to participate in the Working Group as an observer, in view of its role as administrator of CIBOR and other existing Danish benchmark rates.

Objectives of the Working Group

The Working Group's overall objective is to analyse and provide recommendations on a transition from CIBOR to transaction-based reference rates across krone-denominated financial contracts such as bonds, deposits, loans and derivatives. The Working Group will take into account the characteristics of the Danish markets and reference rates.

The Working Group will determine the work-plan necessary to meet this overall objective, and the timeline over which to achieve it.

Intermediate objectives are likely to include the following:

- Raising awareness on the need to transition away from CIBOR by proactively engaging with the wider market.
- Identifying potential impediments to the adoption of, and transition to transaction-based reference rates and proposing workable solutions.
- Making recommendations on the timing of when CIBOR should cease being quoted and ensuring progress in line with this timeline.
- Make a recommendation for transaction-based alternatives to CIBOR across products and maturities.
- Developing and promoting procedures for the conversion of existing financial contracts to reference the recommended alternative(s). The recommendation must consider both contracts where fall-back agreements exist, as well as those where there are no clearly defined fall-backs.
- To make recommendations on whether there is a need for a synthetic CIBOR rate during a transitional period.
- Make recommendations on the timing of when CIBOR should no longer be referred to in new financial contracts.
- Reaching out to similar working groups in other jurisdictions (either current or disbanded) to learn from their experiences regarding the

IBOR transition process.

The Working Group can only make recommendations on market practice for the transition and can provide recommendations to Finance Denmark, which holds the decision-making authority regarding the future of CIBOR.

Operation of the Working Group

The Working Group is the primary coordinating body for the objective of achieving market-led transition away from CIBOR. Its recommendations are intended to reflect, represent and influence market opinion and practices. Accordingly, it may seek technical input through the establishment of sub-groups with broader involvement; and may seek to promote awareness of its work and transition issues through sector-specific forums.

Establishment of sub-groups

The Working Group will establish sub-groups as necessary to focus on specific technical issues relevant to the CIBOR transition. Sub-groups may focus on market-specific issues, sector-specific issues or cross-cutting issues such as regulation and consumer protection.

Sub-group chairs will be appointed by the chair of the Working Group in consultation with the Secretariat. Meetings of the sub-groups will be organised and hosted by the sub-group chairs.

As a rule, the Secretariat serves the Working Group and not the sub-working groups, in line with a cross-cutting role to the Secretariat. The Secretariat can assist sub-working groups in facilitating their work to the Working Group, where relevant and the Secretariat has the necessary competences. The Secretariat can also choose to take part in sub-working groups if deemed necessary.

Sub-groups will report conclusions and recommendations for the Working Group's review and approval. The Working Group will be responsible for ensuring the overall consistency of technical work carried out in sub-groups.

Ensuring broad engagement

The Working Group is expected to reflect and help shape market opinion and practices and ensure engagement across as broad a set of stakeholders as possible.

The Working Group is expected to communicate to the public and carry out consultations so that relevant stakeholders can be heard. In this connection, there will be an opportunity to have a dialogue on specific issues with relevant stakeholders, e.g. non-financial corporations that use CIBOR.

Language of the Working Group

Working Group meetings may be held in either Danish or English, depending on participants in attendance.

Written material of the Working Group will be published in English to ensure transparency, and equal access to information, for all relevant stakeholders, both domestic and foreign.

Governance and transparency

Governance arrangements

To further its objectives the Working Group may, in consultation with Secretariat, produce reports and make recommendations to market participants, or Finance Denmark.

For voting and decision-making, each member firm will have one vote including chair and vice-chair. Observers 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. Dissenting views will be noted in the minutes of the Working Group meetings.

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 or make recommendations independent of the Working Group.

The Working Group requires, in addition to either the chair or vice-chair, attendance from all voting member institutions except two voting members institutions, including (in the judgement of the relevant chair or vice-chair and in consultation with the Secretariat) sufficient diversity in composition. If these requirements are not met, meetings may proceed but recommendations or conclusions will not be approved.

The Secretariat will support and may provide guidance to the Working Group, including by suggesting specific policy objectives and options, amending these Terms of Reference, or reviewing the membership as necessary, to achieve the objectives set out above.

The working group's recommendations will not commit 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.

Transparency

It is essential that the Working Group operates in an inclusive and transparent manner. This is necessary to support the development of markets and legitimacy of any recommendations it makes; and to ensure that market participants who are not directly involved are appropriately informed of the Working Group's work.

Danmarks Nationalbank will disclose these Terms of Reference and the institutional membership of the Working Group on its website¹.

¹See <https://www.nationalbanken.dk/en/what-we-do/stable-prices-monetary-policy-and-the-danish-economy/working-group-on-cibor-transition>

The agenda and minutes of the Working Group meetings, once approved, will also be published on a timely basis via the website.

Subject to their approval by the Working Group, updates on the deliberations of any forums or sub-groups created may be published if judged to be of significant informational value.

Confidentiality

Any non-public information disclosed, or opinions expressed during Working Group meetings, or in forum, or sub-group meetings will be treated as confidential unless and until the Working Group has authorised their public release.

Working Group members may be exposed to sensitive information and, potentially, to material non-public information in the course of their work in the Working Group. It is understood that Working Group members' staff may see some documents relating to the Working Group or sub-groups. Nonetheless, any unnecessary involvement of third parties in handling this material is strongly discouraged.

Each individual member is responsible for the confidentiality and sensitivity associated with the Working Group and the documents in question, and members are reminded of their legal obligations in relation to material non-public information, including under the Market Abuse Regulation (Regulation (EU) No 596/2014).

In all cases where third parties see Working Group documentation, individual members are responsible for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which attaches to discussions in the Working Group and the documents in question.

Competition Law

It is the responsibility of Working Group members, members of sub-groups and participants in forums to ensure that they understand their responsibilities under all applicable competition laws, including EU competition law. To the extent that any individual is unclear of these responsibilities, they should consult the legal and/or compliance teams at their respective institution for further guidance.

Conflicts of interest

Any actual or potential conflicts of interest involving members (or their representatives) must be raised and passed to the chair of the Working Group. The chair of the Working Group will assess the impact of any raised conflict of interest on the members' assignments and responsibilities, and engage with its own legal advisors and the Secretariat to consider possible actions, including the replacement of the conflicted members.

Finance Denmark and Danmarks Nationalbank reserve the right to reject any applicants to the Working Group, who are perceived- in their view - to have any actual or potential conflicts of interest.