



Basis for discussion

DATE: 12 September 2022
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DOCUMENT CLASSIFICATION RB PUBLIC

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DRN 2022-00140

Proposal on increased transparency regarding the transaction dataset for SWESTR

Within the context of the SWESTR Advisory Group and other contacts with market participants, it has been suggested that the Riksbank's daily publication of SWESTR values should be supplemented with information about the dispersion of interest rates in the underlying transaction dataset, and that the Riksbank should publish information about the breakdown of the transaction dataset with respect to the various categories of reporting agencies' counterparties and the size of the individual transactions.

The Riksbank proposes to (1) supplement the publishing of the daily SWESTR value with the interest rates corresponding to the volume-weighted percentiles 12.5 and 87.5 of the untrimmed transaction dataset, and (2) that the quarterly *Report on the transaction dataset for SWESTR* is extended with information about the distribution of the total transaction dataset across counterparty types and the individual transactions' volume, during the quarter.

The Riksbank wants to obtain comments on the proposal from the SWESTR Advisory Group and wishes to receive answers to the following questions:

1. Are the proposed interest rates, which correspond to the boundaries of the trimming, the dispersion measures that are relevant to publish?
2. Are any of the proposed information points redundant?
3. Is there a risk of any actor gaining an information advantage over other actors if the information is made public?

Comments can be submitted at the meeting on 21 September 2022 or in writing by email to swestr.radgivande@riksbank.se no later than 30 September 2022.

Details of the proposals

The information published daily by the Riksbank on the transaction dataset for each SWESTR value is proposed to be extended with the interest rates at the lower and upper boundaries of the trimming. These rates correspond to the volume-weighted percentiles

12.5 and 87.5 of the untrimmed transaction dataset. The Riksbank proposes that the rates be published in percentage form to two decimal places.¹

In addition, it is proposed that the quarterly [Report on the transaction dataset for SWESTR](#) be expanded to include additional information on the breakdown of the total transaction dataset during the quarter across counterparty categories and the transaction volume of individual transactions. The report is public and is published on the Riksbank's website with a lag of just over one month.

Background and considerations

Measures of the dispersion of interest rates in the transaction dataset

SWESTR Advisory Group expressed at the meeting in February 2022 that it was desirable that the Riksbank supplemented the information that is provided on the SWESTR transaction dataset. Similar wishes have also been expressed during the Riksbank's other contacts with various market participants. In particular, there has been a demand for measures of dispersion of the interest rates in the transaction dataset.

Information provided by other central banks regarding the dispersion of rates

It is common that central banks, which are administrators of reference rates, provide information on the dispersion of interest rates in the transaction dataset. These central banks usually illustrate this by providing information on the interest rate levels at certain percentiles of the volume-weighted transaction dataset, see Table 1.

The Riksbank sees no reason to deviate from this practice with regard to how information on the dispersion of interest rates is provided. The Riksbank has therefore focused its work on providing information on rate levels at different volume-weighted percentiles of the transaction volume.

However, Table 1 shows that there is variation in which percentiles are reported and how they are calculated. There is also a difference in whether the published percentiles refer to the transaction dataset before or after trimming.

SONIA and €STR constitute relevant practice for SWESTR

SONIA and €STR, like SWESTR, are based on unsecured transactions. Moreover, like SWESTR, both these reference rates are determined as a volume-weighted average after symmetric trimming of the transaction dataset. Against this background, the Riksbank considers that it is relevant and appropriate to follow the practice of SONIA and €STR.

The Bank of England and the ECB publish symmetric percentiles based on the transaction dataset before trimming. In both cases, the rate level at percentiles 25 and 75 is published. For both SONIA and €STR, these levels are consistent with the

¹ According to the proposal, the following information on the SWESTR transaction dataset would be provided daily:

- Total volume (SEK millions)
- Number of submitters that have submitted transactions
- Number of transactions
- The interest rate at the lower trimming boundary (12.5 percentile)
- The interest rate at upper trimming boundary (87.5 percentile)

boundaries of the parts of the transaction dataset that are trimmed. The Riksbank assess that the fact that these levels are the boundaries of the trimming is the central matter, not the levels as such. By making available information on the lowest and highest rates actually used in the calculation that determines the reference rate, important information is provided to the market.

Tabell 1. Publication of volume-weighted percentiles for corresponding reference rates

Fully transaction-based reference rates administered by central banks

Country	Reference rate	Published percentiles		Comment on percentiles and/or trimming
Denmark	DESTR	-	-	
Euroland	€STR	25, 75 (two decimal places)	Before trimming	A total of 50% of the transaction dataset is trimmed away in a symmetrical way. The percentiles correspond to the trimming limits.
United States	SOFR	1, 25, 75, 99 (two decimal places)	After trimming	Only limited trimming of the transaction dataset. For one segment, some filtering is done to exclude so-called <i>specials</i> . Otherwise no trimming. Published percentiles are based on the trimmed transaction dataset.
UK	SONIA	10, 25, 75, 90 (two decimal places)	Before trimming	A total of 50% of the transaction dataset is trimmed away in a symmetrical way. The middle percentiles correspond to the trimming limits.
Norway	NOWA	-	-	
Canada	CORRA	5, 25, 75, 95 and the interest rate at the trimming boundary (four decimal places)	After trimming	25 % of the transaction volume with the lowest interest rates is trimmed away asymmetrically in order to exclude so-called <i>specials</i> . The percentiles are based on the trimmed transaction dataset. The interest rate at the trimming boundary is also published.

Source: Respective central banks

Proposal: Publication of interest rates at the trimming limits

The Riksbank considers it appropriate to calculate the percentiles in the same way as the percentiles provided by the ECB and Bank of England, i.e. the percentiles should be volume-weighted and based on the transaction dataset before trimming.

The Riksbank considers it relevant to provide information on interest rates at the boundaries of the trimming of the transaction dataset. This means that for SWESTR there will be a difference compared to SONIA and €STR in the *level* of the percentiles are provided.² The trimming boundaries for SWESTR are at 12.5 per cent and 87.5 per cent of the transaction volume. These rate levels are the ones that should be published.

Summary information on a quarterly basis

The Riksbank has received requests to make available more information on the SWESTR transaction dataset, especially the breakdown into different types of transactions. In

² For SWESTR, a symmetrical trimming is applied where a total of 25 per cent of the transaction volume is trimmed away, which is a smaller proportion than for SONIA and €STR. This implies that the boundaries of the trimming for €STR and SONIA are the 25 and 75 percentiles, while for SWESTR the relevant percentiles are 12.5 and 87.5.

particular, questions have been raised about the distribution of the transaction dataset across different types of counterparties to the reporting agencies and different volumes of individual transactions.³

The Riksbank considers that it is not appropriate nor possible to publish such information on a daily basis. This is in view of rules regarding counterparty confidentiality and the risk that individual participants may gain an information advantage relating to the drivers of SWESTR.

However, the Riksbank considers it possible and relevant to provide such information on an aggregated basis and with a lag. This is because such information can increase understanding of SWESTR and thus help to increase confidence in the reference rate. The Riksbank considers that an appropriate level of aggregation is to publish the information in question on a quarterly basis.

As far as the Riksbank is aware, no other central bank, which is administrator of a reference rate, publish such information regularly.

Proposal: Aggregated information will be provided quarterly

The Riksbank's proposal is to publish information on the percentage breakdown of the total transaction dataset during the quarter.⁴

Regarding the breakdown by counterparty category, it is proposed that the four counterparty categories applied in the Riksbank's automatic validation of transaction data be used. These four categories are:

- (1) banks, excl. major banks,
- (2) major banks⁵ and the Swedish National Debt Office,
- (3) financial corporations, and
- (4) non-financial corporations.

As regards the breakdown of the total volume of transactions into individual transaction size, the Riksbank proposes to use five size ranges, according to the below:

- (1) volume less than 100 MSEK,
- (2) volume equal to or greater than SEK 100 million but less than SEK 250 million,
- (3) volume equal to or greater than SEK 250 million but less than SEK 500 million,
- (4) volume equal to or greater than SEK 500 million but less than SEK 1,000 million,
and
- (5) volume greater than SEK 1,000 million.

The Riksbank already publishes the *Report on the transaction dataset for SWESTR*, which shows how changes in the SWESTR transaction dataset that have subsequently become known would have affected SWESTR if they had been known when SWESTR was calculated. The report is published quarterly with a lag of just over a month. It is

³ The Riksbank is not aware that any other central bank, which is an administrator for reference rates, regularly publishes similar information.

⁴ All transactions that have been included in the transaction for any value day in the quarter would be added up and the percentage breakdown of the combined transaction dataset would be published.

⁵ Danske Bank, Handelsbanken, Nordea, SEB and Swedbank



appropriate to extend this report with information according to the above. Tables 2 and 3 below show examples of how the information could be presented.

Tabell 2. Breakdown of the aggregated volume of transactions

Breakdown of the aggregate transaction volume by counterparty category during the quarter

Counterparty category	Percentage
Banks, excluding major banks	X
Major banks and the Swedish National Debt Office	X
Financial corporations	X
Non-financial corporations	X

Note: Major banks refer to Danske Bank, Handelsbanken, Nordea, SEB and Swedbank
Source: The Riksbank

Tabell 3. Breakdown of the aggregated volume of transactions

Breakdown of aggregate transaction volume by size range during the quarter

Volume (V) of the individual transaction	Percentage
$V < 100$ MSEK	X
$100 \text{ MSEK} \leq V < 250$ MSEK	X
$250 \text{ MSEK} \leq V < 500$ MSEK	X
$500 \text{ MSEK} \leq V < 1000$ MSEK	X
$V \geq 1000$ MSEK	X

Source: The Riksbank

Counterparty confidentiality

The data source for SWESTR is the reporting of money market data that the Riksbank's monetary policy counterparties are obliged to do under the Terms and Conditions for RIX and Monetary Policy Instruments.⁶ This data is covered by confidentiality under Chapter 31, Section 1 of the Public Access to Information and Secrecy Act.

The Riksbank's preliminary assessment is that the above two proposals are compatible with the confidentiality provisions as the data are so aggregated that it is not possible to extract information on either the transactions of individual submitters or the transactions of their counterparties. This applies both to the daily publication of interest rates at the trimming boundaries and to the quarterly publication of aggregated information on the breakdown of the transaction dataset.

⁶ It is only the daily reporting that is the basis for SWESTR.