



SVERIGES RIKSBANK
SE-103 37 Stockholm
(Brunkebergstorg 11)

Tel +46 8 787 00 00
Fax +46 8 21 05 31
registratorn@riksbank.se
www.riksbank.se

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Terms of Reference

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Terms of Reference for SWESTR Advisory Group

Background and purpose

The International Organization for Securities Commissions, IOSCO, has developed 19 principles that represent the best international standard for financial benchmarks and for the governance arrangements that administrators of financial benchmarks should have in place (“the IOSCO principles”). As administrator for SWESTR, and for the average rates and index based on SWESTR, the Riksbank complies with the IOSCO-principles where applicable and relevant.

Therefore, the Riksbank will regularly assess how SWESTR is working and whether there is a need to make adjustments, for example to how SWESTR is calculated and published. To this end, the Riksbank has established the SWESTR Advisory Group, which provides advice and technical input to the Riksbank.

Responsibilities

The responsibilities of the SWESTR Advisory Group include:

- monitoring and providing input on how the underlying market for SWESTR is functioning and developing;
- assessing and providing input on whether SWESTR is representative of the underlying market;
- reviewing and advising on the Riksbank’s framework for SWESTR , the average rates and index based on SWESTR;
- discussing the roles played by SWESTR, as well as the average rates and index based on SWESTR, on the Swedish financial market;
- discussing the confidence in SWESTR, average rates and index as well as measures to increase said confidence;
- providing feedback on proposed changes to the methodology for SWESTR and/or for average rates and index;



- and, if needed, giving advice to the internal oversight committee.

The underlying market for SWESTR is defined as the overnight market in Swedish krona.

Membership

The group is chaired by the deputy head of the Riksbank's Markets Department. A representative of the internal oversight committee is present at the meeting.

The group consists of representatives of market participants who are active on financial markets in Swedish krona where reference rates are used, or who are active on the underlying market for SWESTR. Interest groups for such market participants and companies providing infrastructure for the markets may also participate. Representatives of other government agencies may also participate in SWESTR Advisory Group, but are in such cases invited due to being a relevant market participant.

Individual institutions determine which staff members are best placed to represent them on the Group, however the Riksbank expects individuals attending the Group to have sufficient seniority and competence to be able to engage effectively with the Group and speak for their organisation.

The Riksbank will review the Membership annually for any potential changes, for instance to ensure that different perspectives are heard and that future users of Swestr are properly represented.

Working arrangements and documentation

The Group meets at least two times a year. Additional meetings may be called by the Chair as required.

The Riksbank provides the secretariat for Group. The secretariat schedules meetings, prepares agendas and write the minutes.

The agenda and materials to be considered at a meeting are circulated at least a week before the meeting and are also published on the Riksbank's website. Minutes reflecting the non-attributed range of views expressed are published on the website within three weeks of the meeting date.

The Chair decides, taking the representatives' language background into account, whether the meeting shall be held in Swedish or in English. The agenda and any other materials ahead of meetings as well as the minutes from meetings will always be provided in both languages.

Information shared with the SWESTR Advisory Group is not confidential.

Review

These Terms of Reference are reviewed at least on an annual basis and amended as required.