



Decision

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DEPARTMENT: Markets Department and Monetary Policy Department
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Revised policy documents for SWESTR

The Riksbank's decision

In order to:

- to move implementation of the daily process for determining and publishing SWESTR and average rates and index based on SWESTR to the Monetary Policy Department,
- bring forward the publication times for SWESTR and average rates and index based on SWESTR, including the publication times for any corrected values for these, and
- expand the information provided on the transaction dataset for SWESTR,

the Riksbank decides to establish:

- *Sveriges Riksbank's Rules of Procedure* in accordance with Annex 1,¹
- *Policy for transaction-based reference rate SWESTR* in accordance with Annex 2, and
- *Rule for the administration of SWESTR* in accordance with Annex 3.

This decision enters into force on 31 March 2023 with special transitional provisions specified in each annex. At the same time, earlier versions of the policy documents cease to apply.

Background

In accordance with Chapter 1, Section 12 of the Sveriges Riksbank Act (2022:1568), the Riksbank may provide and publish reference values in accordance with EU Regulation 2016/1011 (the Benchmark Regulation).

¹ This annex is provided in Swedish only.

The Riksbank is administrator of the transaction-based reference rate SWESTR (Swedish krona Short Term Rate) as well as of average rates and index based on SWESTR.² Like many other central banks that provide reference rates, the Riksbank complies, where applicable and relevant, with the principles for financial benchmarks adopted by the International Organization of Securities Commissions (IOSCO).³

The Riksbank’s organisation for its work on SWESTR

In 2021, the Executive Board tasked the Markets Department to operationalise the Riksbank’s role as administrator of SWESTR. Part of the role as administrator is to implement the daily process to determine and publish SWESTR. This work is currently performed by the Middle Office Division at the Markets Department.

At the same time, inter-departmental work has been going on to centralise the Riksbank’s data collection and statistics production at the Statistics Division within the Monetary Policy Department. This strategic decision was taken by the Executive Board on 16 December 2020 in connection with the Riksbank’s operational planning for 2021 (dnr 2020-00894). Moving implementation of the daily process is part of this centralisation.

Bringing forward publication times

SWESTR is currently published at 11.00 on the Publication Date.⁴ Average rates and index based on SWESTR are published at 11:05.⁵ The current publication timetable was determined prior to the test period for SWESTR implemented during 2021.⁶

In February 2023, the Markets Department put forward a proposal to bring forward the publication times for SWESTR as shown in Table 1 below (dnr 2023-002361).⁷ All the consultation bodies that submitted responses supported the proposal, see Annex 4.

Tabell 1. Publication times

	Ordinary publication	Possible correction
SWESTR	09.00	12.00
Average rates and index	09.05	12.05

Source: The Riksbank

² SWESTR is hereinafter used as a collective term for the reference rate SWESTR and average rates and index based on SWESTR.

³ International Organization of Securities Commissions, *Principles for Financial Benchmarks – Final Report*, July 2013.

⁴ Any correction of SWESTR is published at 14.00. A corrected value for SWESTR is determined only if the difference between the second calculation result and the value previously determined for SWESTR on the publication date exceeds 2 basis points (0.02 percentage points).

⁵ Any corrected values for average rates and index are published at 14.05. Corrected values for average rates and index are only determined if a corrected value for SWESTR has been determined and/or if errors in the previous calculation have been detected.

⁶ When establishing the timetable for the daily process, the Riksbank chose to have significant margins in order to ensure high quality in the work. The memorandum on the alternative reference rate (later named SWESTR), which the Riksbank published in connection with the consultation process in the autumn of 2020 (dnr 2020-00988), stated that the publication time of 11.00 would apply “during the test period”.

⁷ See the consultation memorandum *SWESTR: Consultation on early publication and increased information about the transaction dataset*, 15 February 2023 (dnr 2023-00261).

Expanded information on the transaction dataset

The Riksbank currently publishes limited information on the transaction dataset for SWESTR on a daily basis. Publication includes: number of transactions; total transaction volume; and number of reporting agents contributing at least one transaction on the day in question.

In the above-mentioned consultation (dnr 2023-00261), the Markets Department also put forward a proposal that the Riksbank should provide more information on the transaction dataset for SWESTR along with proposals on how such information should be formulated. All the consultation bodies that submitted responses supported the proposals, see Annex 4. The essence of the proposal was that the Riksbank should publish information on the interest rates at the trimming boundaries for SWESTR and that the information in the quarterly *Report on transaction dataset for SWESTR* should be expanded.⁸

Grounds for the decision

Due to the proposed changes presented below, *Sveriges Riksbank Rules of Procedure*, *Policy for transaction-based reference rate SWESTR* and *Rule for the administration of SWESTR* need to be amended. These documents shall thus be amended in accordance with Annexes 1–3. In addition to the changes below, minor amendments mostly of an editorial nature have also been made to the policy documents.

The Riksbank's organisation for its work on SWESTR

As part of the Riksbank's work to centralise its data collection and statistics production at the Statistics Division, the operative work on SWESTR shall be moved to the Monetary Policy Department. This is a more appropriate organisation for the Riksbank's work on SWESTR, in which the Monetary Policy Department is responsible for the daily process while the Markets Department retains overall responsibility for operationalising the Riksbank's role as administrator. The organisational change is expected to lead to positive synergy effects in the form of:

- more reliable statistics production for SWESTR, to which more staff members will be able to contribute, which also provides a more rewarding work environment for those collecting money market data and managing the daily process,⁹ and
- a greater opportunity for the modernisation of other statistics production that is under way at the Statistics Division to also be able to contribute to even more efficient collection of money market data and production of SWESTR.

⁸ For more detailed information, see the consultation memorandum (dnr 2023-00261).

⁹ Staff members who currently work exclusively with the collection of money market data and the production of SWESTR will be able to make a contribution to other statistics production at the Statistics Division, while those currently working at the division will be able to help further develop statistics production for SWESTR. Staff members who currently work in relative isolation with SWESTR can also receive support from more colleagues and participate in several different discussions regarding statistics production.

Earlier publication times

The publication times for SESTR shall be brought forward in accordance with Table 1. This is deemed appropriate because:¹⁰

- the conditions are in place both at the Riksbank and among the reporting agents to be able to bring forward the publication times while still maintaining quality in the daily process,
- potential users of SWESTR and other stakeholders have noted that earlier publication times for SWESTR may facilitate the operational management of financial contracts and instruments referencing SWESTR,
- it is international practice that the ordinary publication time for equivalent reference rates is around 09.00 local time, and because
- all consultation bodies supported the proposal.

Expanded information on the transaction dataset

The information provided on the transaction dataset for SWESTR shall be expanded in line with the consulted proposal. This is deemed appropriate because:¹¹

- it is in line with the IOSCO principles on providing more information on the transaction dataset,
- increased transparency is expected to increase confidence in SWESTR and can thereby promote its use,
- it is common for central banks who are administrators of equivalent reference rates to provide similar information, and
- all consultation bodies supported the proposal.

In the design of the information that shall be provided on the transaction dataset going forward, the size and characteristics of the Swedish overnight market have been considered and competition on the overnight market is not expected to be negatively affected. The publication is also deemed to be compatible with Chapter 24, Section 8 of the Swedish Public Access to Information and Secrecy Act (2009:400).¹²

The decision has been taken by the Executive Board (Governor Erik Thedéen, First Deputy Governor Anna Breman and Deputy Governors Per Jansson, Martin Flodén and Aino Bunge) following a presentation by Senior Economist Ingrid Wallin Johansson from the Market Strategy Division at the Markets Department. Senior Legal Counsel Shiba Faiqi from the Market Strategy Division at the Markets Department and Group Head Markus Tibblin from the Statistics Division at the Monetary Policy Department have participated in the final processing of the matter.

¹⁰ For more detailed information, see the consultation memorandum (dnr 2023-00261).

¹¹ For more detailed information, see the consultation memorandum (dnr 2023-00261).

¹² These assessments are based on the combination of the enclosed *Rule for administration of SWESTR* and the detailed provisions that the Head of the Markets Department is expected to establish. See also the consultation memorandum (dnr 2023-00261).