



**RULES
FOR REFERENCE BANKS
AND THE CALCULATION (FIXING) OF REFERENCE
INTEREST RATES PRIBOR**

**Reviewed by CFBF
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I. Definitions

For the purposes of the Rules for Reference Banks and the Calculation (Fixing) of Reference Interest Rates PRIBOR (hereinafter referred to as the “Rules”), the following definitions shall apply:

- a) “Benchmark Administrator” shall mean the Czech Financial Benchmark Facility (CFBF)
- b) “PRIBOR Oversight Committee” shall mean the committee (the Committee) within the CFBF that has the primary governance oversight of the methodology, determination and dissemination of PRIBOR. The Committee’s purpose is to support the integrity, accuracy and reliability of the PRIBOR benchmark to the benefit of all users of the benchmark and reliant market participants.
- c) “reference bank” shall mean a bank which has been assigned the status of reference bank pursuant to Section II of the Rules and submits data for the calculation of the PRIBOR reference rates;
- d) “quotation” shall mean the price at which a reference bank is willing to sell an interbank deposit to another reference bank (the offer side of the quotation). This information shall cover mostly the prices of proprietary deposit trades executed by the reference bank, in case that no such trade has been made, expert assessment of such prices with use of expert care shall be used instead;
- e) “PRIBOR” (Prague Interbank Offered Rate) shall mean the reference interest rate on the interbank deposit market calculated (fixed) by the Benchmark Administrator, the CFBF, from the quotations of reference banks for the sale of deposits (offer) according to the algorithm given in Section VI of the Rules.

II. Assignment of the status of reference bank

1. A written application for the status of reference bank shall be sent by a bank to the CFBF. This application shall include declaration of the applicant’s ability and willingness to satisfy the obligations set in these Rules.

2. The CFBF shall decide on the assignment of the status of reference bank within 60 days of receipt of the application. The assignment of the status of reference bank shall be discretionary and the CFBF shall not be obliged to give reasons for rejecting an application.

3. The CFBF shall notify the applicant of the decision in respect to the assignment of the status of reference bank within three working days of the decision being made. The decision shall include the date from which the reference bank shall deliver the data for PRIBOR reference rates calculation.

4. The assignment of the reference bank status including the date from which a newly accepted bank begins to submit data for PRIBOR shall be announced by the CFBF in writing to all other reference banks and the Czech National Bank within three working days of the decision being made.

III. Withdrawal of the status of reference bank

1. The CFBF may withdraw the status of reference bank :

- a) at the request of the reference bank;

- b) in the case of non-compliance with the conditions of the Rules;
- c) in the case of serious or repeated infringement of the Rules.

- 2. The withdrawal of the status of reference bank shall be decided upon by the CFBF

who are obliged to give reasons for the withdrawal. If the CFBF shall decide on the withdrawal of the status of a reference bank based on the request of the reference bank, then the decision must be made within 30 days from receipt of the request.

- 3. The bank shall be notified in writing of the decision in respect to the withdrawal of the status of reference bank within three working days of the decision being made. The decision shall become effective on the date stated in the notification and there is no right of appeal.

- 4. The CFBF shall inform other reference banks and the Czech National Bank of the decision on the withdrawal of the status of reference bank in writing within three working days of the decision being made. This shall include also information about the date from which the withdrawal effective.

IV. Rights and obligations of reference banks

- 1. Reference banks shall express their opinion on changes in the algorithm for the calculation of reference rates and has the right to suggest above mentioned changes to the CFBF.

- 2. Reference banks shall express their opinion on applications for the status of reference bank and changes in the composition of reference banks.

- 3. Reference banks are obliged to notify the CFBF of their intent to put in the request pursuant to paragraph 1(a) of the section III of the Rules at least 6 months in advance.

- 4. Reference banks are obliged to set an internal provision to arrange the process of creating and contributing quotations.

- 5. Reference banks are obliged to set an effective mechanism to control the process of creating and providing the quotations.

- 6. Reference banks shall be obliged to submit data for the calculation (fixing) of the PRIBOR reference rates at the time and in the form stipulated by the Rules and to comply with the technical and organizational conditions laid down by the CFBF.

- 7. Reference banks are obliged to adhere to the Rules.

- 8. Reference banks in connection with these Rules are obliged to provide the proper cooperation to the CFBF.

- 9. Further details regarding rights and obligations of reference banks can be found in the PRIBOR code of conduct.

V. List of reference banks

1. The list of reference banks shall be published by the CFBF in an appropriate manner. The list of reference banks shall contain in particular the name and registered address of each reference bank.
2. Reference banks shall consent to their registration in the list of reference banks.

VI. Calculation (fixing) of reference interest rates PRIBOR

1. The quotations for the calculation of the PRIBOR rates shall be submitted by reference banks to the CFBF every business day between 10.30 a.m. and 10.45 a.m. local time.
2. The CFBF shall check the formal correctness of the quotations between 10.45 a.m. and 11.00 a.m. local time and resolve any discrepancies directly with the reference bank in question. Reference banks may, exceptionally, alter their quotations at that time, but not later than 11.00 a.m. local time.
3. The calculation (fixing) of the PRIBOR reference rates shall take place at 11.00 a.m. local time.
4. The PRIBOR reference rates shall be calculated as the mathematical arithmetic mean rounded to two decimal places for the following maturities: overnight (O/N), 1 and 2 weeks, 1, 2, 3, 6 and 9 months, and 1 year, in the following manner:
 - a) if the CFBF receives a quotation from eleven or more reference banks, the rate for the relevant maturity shall be the arithmetic mean of the rates net of the two highest and two lowest rates;
 - b) if the CFBF receives at least six, but less than eleven quotations, the rate for the relevant maturity shall be the arithmetic mean of the remaining rates net of the one highest and one lowest rate;
 - c) if the CFBF receives four or five quotations, the rate for the relevant maturity shall be the arithmetic mean of all such rates;
 - d) if the CFBF receives less than four quotations, the rate for the relevant maturity shall not be fixed.
5. The PRIBOR reference rates (except the O/N maturity) shall be calculated (fixed) for transactions that are to be settled on the second business day following the calculation (fixing) date, with the act/360 convention.
6. Once announced, the PRIBOR rates shall be final. This shall not rule out the possibility for the CFBF to correct mistakes before 12:00 a.m. local time at the latest.
7. The method for calculating the PRIBOR reference rates given in paragraphs 1–6 may be changed by the CFBF upon recommendation by the Committee.

VII. Disclosure and availability of reference interest rates PRIBOR

The PRIBOR rates together with the individual reference banks' quotations shall be published immediately after the calculation (fixing) procedure is completed and shall be made

available, for example, in the Thomson Reuters and Bloomberg information systems and further in a manner which enables remote access (through the Internet).

VIII. Disclosure of and changes to the Rules

1. These Rules shall be published by the CFBF via its website www.cfbf.cz .
2. The CFBF shall be authorized to amend and supplement the Rules.
Any amendments or supplements to the Rules shall be published by the CFBF via its website.
3. When amendments are made to the Rules, the reference banks shall be given
reasonable time to adjust their activities.

IX. Effect

These Rules shall take effect on 28th July 2017.