

# PRIBOR Post Publication Re-determination Policy

Date: October 2018

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# 1 Introduction

This policy has been developed to outline the steps the CFBF, as administrator of PRIBOR, will take in situations where erroneous benchmark data has been discovered to have been published. The rationale in respect to developing this re-determination policy balances the inconvenience to end-users of a re-determination (and the potential for market disruption) with the overriding requirement that PRIBOR must be an accurate reflection of the underlying economic reality that it is designed to measure.

Variations beyond a prescribed threshold would trigger a re-determination and distribution of new PRIBOR values (re-determined values).

Re-determination of rates will only take place on the day of publication and within a timeframe determined by the CFBF and endorsed by the PRIBOR Oversight Committee.

This policy describes;

- Governance of the policy
- Rationale for re-determination
- Examples of erroneous data and benchmark calculation errors
- Thresholds for re-determination,
- Processes and procedures for re-determination
- Notifications to the market
- Record keeping

## 2 Governance

The re-determination policy will be the responsibility of the CFBF Board.

The PRIBOR Oversight Committee will review and endorse the policy or make recommendations regarding how the policy could be improved.

The CFBF Secretariat will manage all operational procedures, and in the case of a re-determination will manage the processes in accordance with this policy.

Panel Banks, through their responsibilities outlined in the PRIBOR Code of Conduct, will be responsible for ensuring that any errors in Input data are reported to the CFBF in accordance with this policy.

### 2.1 Policy Review

This policy will be reviewed on an annual basis.

## 3 Rationale for Re-determination Policy

In the case that the CFBF publishes PRIBOR rates that do not accurately reflect the calculation methodology, and which would have a material effect on the users of the benchmark, a re-determination of affected rates will allow any material errors to be corrected within a reasonable timeframe.

## 3.1 Examples of Potential Errors in PRIBOR Publication

There are two principle reasons why PRIBOR values published, during the normal course of operations may be erroneous as detailed in 3.1.1 and 3.1.2 below.

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### 3.1.1 CALCULATING AGENT CALCULATION ERROR OR DISTRIBUTION ERROR

The CFBF has policies and procedures to accurately capture input data from Panel Banks via secure connections.

Once collected, data validation processes check the incoming data for anomalies. The CFBF Helpdesk will, if required under its procedures, check any anomalous submissions directly with the Panel Bank and seek clarification on the validity of the Input data.

The CFBF checks that the methodology is correctly applied via manual checks and compares this to the calculations made by the Calculating Agent System. Once these checks are completed the final PRIBOR rates are distributed to information vendors for publication. Checks are made at the time of publication to ensure that published rates correspond with the Calculating Agent System and manual calculations.

Errors in the procedural calculation steps taken by the system, and the manual comparison checks made by operators could lead to errors in publication.

The Calculation Agent System may, due to internal systems errors, publish rates different from those calculated and displayed to operators.

These errors would be discovered by verification checks against rates published by vendors and the system displayed rates.

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### 3.1.2 PANEL BANK ERROR WHEN SUBMITTING INPUT DATA

Erroneous Input data by one or more Panel Banks may cause the final PRIBOR value/s to be considered "materially altered" after the calculation methodology is applied.

The Panel Banks are required to meet the input data rules as defined in the PRIBOR Code of Conduct. Panel Banks are required to have policies and procedures to ensure input data meets the criteria set down by the CFBF.

There are two potential opportunities for erroneous input data;

- I. Panel Banks have erroneously supplied input data to the calculating agent (incorrect submission) and have not been able to remediate prior to the 10:55am cut off time for submissions or have discovered this after the calculation methodology has been applied
- II. Panel Banks have used an automated method to submit input data to the Calculating Agent System and through this process erroneous Input data was submitted and could not be remediated prior to the 10:55am cut off time.

## 4 Threshold for Re-determination

The CFBF and the Oversight Committee have considered the implications of a re-determination of one or more tenor rates sometime after publication and the impact on users of PRIBOR in making such a change.

The PRIBOR Oversight Committee has determined that beyond an agreed threshold for each tenor, a re-determination should take place for any affected tenor.

The thresholds for a re-determination for each tenor value are as follows;

O/N	> +/- 2 basis points
1 week	> +/- 2 basis points
2 weeks	> +/- 2 basis points
1 month	> +/- 2 basis points
2 months	> +/- 2 basis points
3 months	> +/- 2 basis points
6 months	> +/- 2 basis points
9 months	> +/- 2 basis points
1 year	> +/- 2 basis points

### 4.1 Variations to Threshold Values

The PRIBOR Oversight Committee is responsible for making recommendations to the CFBF Board for changes to the threshold levels. Once approved by the CFBF Board, the re-determination policy will be updated and all stakeholders notified of the changes and the date when the changes will become effective.

### 4.2 Example of Threshold Application

The following is an example of how the re-determination policy would be applied:

- The one-month tenor has been calculated based on all input data (for the one-month tenor) provided by Panel Banks. The rate 0.64 has been calculated and published at 11:00am.
- A Panel Bank contacts the CFBF and informs them that they have provided the wrong input data for the one-month tenor after the calculation. They provide new input data for the one-month tenor.
- The CFBF recalculates the one-month tenor, replacing the erroneous tenor value from the Panel Bank with the revised value.
- The new value for the one-month tenor is calculated at 0.67. The threshold for the one-month tenor is 0.02
- This new value exceeds the change threshold and will result in the new value of 0.67 being published as a re-determined rate.

## 5 Process for Re-determination

The re-determination process will have a number of stages.

10:55am – 1:00pm	Notification of erroneous data or PRIBOR values
1:00pm – 2:00pm	Checks to determine if a tenor value meets threshold for re-determination
2:00pm	Notification to stakeholders that a re-determination of a tenor value/s will take place
3:00pm	CFBF will publish re-determined rates and all Panel Bank submissions to final PRIBOR values

### 5.1 Notification of Erroneous Input Data by Panel Banks or PRIBOR Calculation

Panel Banks have a responsibility to notify the CFBF immediately on discovery of erroneous input data.

Panel Banks will have from 10:55am to 1:00pm to notify the CFBF of any erroneous input data for the purposes of a re-determination calculation. Any other erroneous input data reported outside of the notification period will be documented and presented to the PRIBOR Oversight Committee for consideration in the context of continuous improvement measures. Should the PRIBOR Oversight Committee determine that the erroneous data would have had a material effect on PRIBOR rates then the details will be published on the CFBF website at [www.cbf.cz](http://www.cbf.cz).

### 5.2 Method of Notification

Panel Banks will provide details of the original tenor rate/s supplied and the corrected rate via a template provided by CFBF for this purpose. The Panel Bank will need to provide authorisation from the original submitter and a senior representative of the bank.

On receipt of the template the CFBF will contact the bank and confirm the corrected rate/s.

### 5.3 Determination of Corrected PRIBOR Values

CFBF operators will input the corrected rate/s into the Calculating Agent System and determine new benchmark values.

### 5.4 Threshold Comparison

CFBF Helpdesk Operators will compare the new benchmark values against the published values and determine if the threshold for re-determination has been exceeded.

In the case that the value does not meet the threshold, no further action will be taken and no re-determination will occur. In the case that the threshold has been exceeded, preparations for the next steps in the re-determination process will be activated.

## 5.5 Internal CFBF Confirmation

The CFBF Manager will perform checks on the re-determination process and will confirm that a re-determination of one or more tenor values will take place. If the CFBF Manager is unavailable, then in such circumstances a member of the CFBF Board will provide confirmation.

## 5.6 Internal Communication

Upon confirmation, either by the CFBF Manager or CFBF Board member alternative, an email communication will be sent by that individual to the CFBF Secretariat, the CFBF Board and the CFBF Compliance Officer to inform the recipients that a re-determination of one or more tenor values will take place, providing a brief but clear description of the reason for the re-determination.

## 5.7 Market Communication

The CFBF will communicate to the market as soon as a re-determination is required, but no later than 2:00pm.

The means of communicating that a re-determination will take place includes;

1. An update on the CFBF website under PRIBOR Re-determination
2. Email communications and telephone calls with information vendors to advise of a re-determination and for them to advise their customers via market alerts of a re-determination
3. Email to subscribers that a re-determination will take place via their key contact details.

## 5.8 Publication of Re-determined Values

The CFBF will republish all tenor rates at 3:00pm, which will include the re-determined tenor rate/s.

# 6 Reporting

## 6.1 Calculating Agent Calculation Error or Distribution Error

Any incidents of calculation error or distribution error will be documented and reported to the PRIBOR Oversight Committee for consideration.

## 6.2 Panel Bank Reporting

The CFBF will request further information from the Panel Bank that provided erroneous input data and this will be evaluated by the CFBF Secretariat and will be reviewed by the PRIBOR Oversight Committee. Panel Banks must provide a root cause analysis of the error and procedures it intends to put in place to rectify the situation in the future.

### 6.3 CFBF Records

The CFBF will store the original published rates and the re-determined rates in its Calculating Agent System. The final re-determined rate will be used for all analytical purposes as the official rate for that day.

### 6.4 Procedural Records

The CFBF will keep records of the following;

- Communications with the Panel Bank that advised of erroneous data
- Template with corrected rates and internal sign off by the Panel Bank
- Procedural steps and internal sign off by CFBF Helpdesk Operators on SharePoint
- Internal communication confirming the re-determination
- Incident report regarding re-determination.