

“SYNTHETIC” LIBOR CHANGES AND CESSATION PROCEDURE

1. Introduction

ICE Benchmark Administration Limited (IBA) is the benchmark administrator for LIBOR.

This Changes and Cessation Procedure is published by IBA in compliance with Article 28 of the UK Benchmarks Regulation as amended (BMR)¹, which requires a benchmark administrator to publish a robust procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the United Kingdom in accordance with Article 29(1) of the BMR².

Historically, all LIBOR settings were calculated and published by IBA using input data provided by panel bank contributors. The only remaining LIBOR settings, being the 1-, 3- and 6-Months USD LIBOR settings, are currently published by IBA under compulsion from the United Kingdom Financial Conduct Authority (FCA) and are calculated using a changed, unrepresentative “synthetic” methodology required by the FCA (“synthetic” LIBOR).

This Changes and Cessation Procedure is specific to these continuing “synthetic” LIBOR settings.

Please see [IBA’s LIBOR website](#) for information and background regarding LIBOR cessation and the exercise by the FCA of its powers under the BMR to compel the publication of “synthetic” LIBOR.

Please also read [IBA’s benchmark and other information notice and disclaimer](#).

Please ensure you take legal and financial advice in all relevant jurisdictions to ensure you understand and are prepared for the impact of the cessation or unrepresentativeness of any LIBOR settings on you and your counterparties and to ensure you understand the implications of the FCA’s powers and its exercise of those powers under the BMR.

2. Cessation of 1-, 3- and 6-Months “synthetic” USD LIBOR

Using its powers under the BMR, the FCA has compelled IBA to continue to publish the 1-, 3- and 6-Months USD LIBOR settings under a changed, unrepresentative “synthetic” methodology. Such “synthetic” LIBOR settings are not representative of the underlying market or economic reality the settings were intended to measure and represent prior to such compulsion. These settings will cease at the end of the period of compelled publication imposed by the FCA. In particular:

- The FCA has required IBA to continue the publication of the 1-, 3- and 6-Months USD LIBOR settings under a “synthetic” methodology from 1 July 2023, and intends for these settings to cease on 30 September 2024.
- IBA has notified the market of the timetables the FCA expects to impose for the cessation of the 1-, 3- and 6-Months “synthetic” USD LIBOR settings and would expect to notify the

¹ BMR requirements under Article 28 regarding changes to and cessation of a benchmark have been modified for “synthetic” USD LIBOR pursuant to the FCA’s BMR Annex 4 notices in respect of this benchmark.

² Article 29(1) states that: “A supervised entity may use a benchmark or a combination of benchmarks in the United Kingdom if the benchmark (a) is on the FCA register or (b) is provided by an administrator who is on the FCA register and located in the United Kingdom.”

market of any changes to these as soon as reasonably practicable after IBA has itself been notified by the FCA.

3. Changes to 1-, 3- and 6-Months “synthetic” USD LIBOR

IBA has no unilateral power to make changes to the way any “synthetic” LIBOR settings are determined. The FCA has the power to require IBA to make certain changes to the way in which the 1-, 3- and 6-Months "synthetic" USD LIBOR settings are determined. IBA would expect to notify the market of any such changes as soon as reasonably practicable after IBA has itself been notified by the FCA of such changes. The FCA can also make changes to how these settings can be used by supervised entities.

4. Review

This Changes and Cessation Procedure is subject to review at least annually by the “Synthetic” LIBOR Oversight Committee.

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