



Feedback Statement ICE SWAP Rate[®] based on GBP LIBOR[®] - Consultation on Potential Cessation

4 August 2021



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Executive Summary

Background

ICE Swap Rate[®] is recognised as the principal global benchmark for swap rates and spreads for interest rate swaps. It represents the mid-price for interest rate swaps (the fixed leg) and spreads for interest rate swaps (the applicable mid-price minus a corresponding specified government bond yield), at particular times of day in three major currencies (USD, GBP and EUR) and in tenors ranging from 1 year to 30 years. The underlying rate for the floating leg of the relevant swap transactions is 3 Month and 6 Month GBP ICE LIBOR[®] (LIBOR[®]) for GBP LIBOR ICE Swap Rate, 3 Month USD LIBOR for USD LIBOR ICE Swap Rate, and 3 Month and 6 Month EURIBOR[®] for EUR ICE Swap Rate¹.

ICE Benchmark Administration Limited (IBA) is the benchmark administrator for both ICE Swap Rate and LIBOR, and is authorised and regulated by the Financial Conduct Authority (the FCA) for the regulated activity of administering a benchmark.

IBA [announced](#), on March 5, 2021, that, as a result of IBA not having access to input data necessary to calculate 3 Month and 6 Month GBP LIBOR settings on a representative basis beyond December 31, 2021, it will have to cease the publication of the 3 Month and 6 Month GBP LIBOR settings immediately after December 31, 2021, unless the FCA exercises its new powers (which are now included in the UK Benchmarks Regulation, as a result of amendments made by the Financial Services Act 2021) to require IBA to continue publishing such LIBOR settings using a changed and unrepresentative methodology (also known as a “synthetic” basis).

On March 5, 2021, the FCA [announced](#) that it would consult on requiring IBA to continue the publication of the 3 Month and 6 Month GBP LIBOR settings beyond December 31, 2021 on an unrepresentative, “synthetic” basis²³⁴.

IBA does not expect to be able to continue to publish GBP LIBOR ICE Swap Rate settings for which the 3 Month or 6 Month GBP LIBOR settings serve as the underlying rate for the floating leg of the relevant swap transaction after December 31, 2021, because IBA does not expect sufficient (or perhaps any) input data to be available based on eligible new interest rate swaps referencing GBP LIBOR settings from this time.

IBA published a [consultation](#) in May 2021 to seek market participant feedback regarding its intention to cease the publication of GBP LIBOR ICE Swap Rate for all tenors immediately after publication on December 31, 2021.

IBA originally asked for feedback by 5pm London time on Friday May 28, 2021, which was extended until Friday June 25, 2021 to allow market participants more time to respond.

¹ Since December 2020, IBA has also published a GBP SONIA ICE Swap Rate, where the underlying rate for the floating leg of the relevant swap transactions is Overnight SONIA compounded in arrears for twelve months using standard market conventions.

² The FCA also announced that it would consult on requiring IBA to continue the publication of the 1 Month GBP LIBOR setting beyond December 31, 2021 on an unrepresentative, “synthetic” basis.

³ The FCA has since [consulted](#) on its proposals to compel IBA to publish these “synthetic” settings.

⁴ The FCA has confirmed, based on undertakings received from the panel banks, that it does not expect that any GBP LIBOR settings (including the 3 Month and 6 Month GBP LIBOR settings) will become unrepresentative before December 31, 2021.



IBA is grateful for the 15 responses received to the consultation. These were individual responses received from banks (including one supranational) and broker/dealers.

IBA stated that completed questionnaires would be published unless the respondent requested confidentiality. The non-confidential responses are available on IBA's [website](#).

Responses

The majority of respondents (14 out of 15) agreed with IBA's intention to cease the publication of GBP LIBOR ICE Swap Rate for all tenors immediately after publication on December 31, 2021. Some respondents queried the potential for a prolonged lack of liquidity in the swap market, requiring IBA to make a "No Publication" in respect of a GBP LIBOR ICE Swap Rate setting for an extended period, and the potential for a new consultation or earlier cessation. Others noted the importance of the availability of a replacement rate for GBP LIBOR ICE Swap Rate in the form proposed by the Non-Linear Task Force of the Working Group on Sterling Risk-Free Reference Rates in its paper "[Transition in Sterling Non-Linear Derivatives referencing GBP LIBOR ICE Swap Rate \(ISR\)](#)".

While the consultation was on the intended cessation of GBP LIBOR ICE Swap Rate, IBA also invited comment on certain matters relating to USD LIBOR ICE Swap Rate. Respondents generally supported a cessation of USD LIBOR ICE Swap Rate after June 30, 2023, in line with the scheduled cessation date for Overnight and 1, 3, 6 and 12 month panel bank USD LIBOR, noting the importance of the availability of the USD LIBOR ICE Swap Rate until this time. Respondents also showed support for using the same approach used in relation to GBP LIBOR ICE Swap Rate cessation. Respondents noted the importance of the availability of a replacement rate for USD LIBOR ICE Swap Rate in the form proposed by a Subcommittee of the Alternative Reference Rates Committee (ARRC) in its paper "[Suggested Fallback Formula for the USD LIBOR ICE Swap Rate](#)". Respondents also supported IBA's intention to produce a USD SOFR ICE Swap Rate in the future. Some respondents had concerns regarding the potential for decreased liquidity in the swap market going forward, and suggested IBA consider potential adjustments to the USD LIBOR ICE Swap Rate Methodology to enable continued publication.

Conclusion

Following the conclusion of the consultation and after considering the feedback received, IBA is announcing today that it will cease the publication of GBP LIBOR ICE Swap Rate for all tenors immediately after publication on December 31, 2021.

Users of the GBP LIBOR ICE Swap Rate benchmark should take account of its upcoming cessation and ensure their contractual and other arrangements linked to the benchmark contain appropriate fallback or other arrangements to address the cessation.

Please note that the consultation was not a consultation on the potential for the cessation of any ICE Swap Rate settings other than GBP LIBOR ICE Swap Rate (i.e. USD LIBOR ICE Swap Rate, EUR ICE Swap Rate or GBP SONIA ICE Swap Rate).

Other than the above announcement regarding the cessation of the GBP LIBOR ICE Swap Rate, none of the consultation, this feedback statement, or any related press release is, or should be taken to be or include, an announcement that IBA will cease or continue the publication of any other ICE Swap Rate settings (i.e. USD LIBOR ICE Swap Rate, EUR ICE Swap Rate or GBP SONIA ICE Swap Rate), after December 31, 2021 or any other date.



IBA expects to consult on the potential cessation of USD LIBOR ICE Swap Rate in due course⁵.

⁵ IBA also announced, on March 5, 2021, that, as a result of IBA not having access to input data necessary to calculate the 3 Month USD LIBOR setting on a representative basis beyond June 30, 2023, it will have to cease the publication of the 3 Month USD LIBOR setting immediately after June 30, 2023, unless the FCA exercises its new powers (which are now included in the UK Benchmarks Regulation, as a result of amendments made by the Financial Services Act 2021) to require IBA to continue publishing such LIBOR setting using a changed and unrepresentative methodology (also known as a “synthetic” basis). On March 5, 2021, the FCA also announced that it would continue to consider the case for requiring IBA to continue the publication of the 3 Month USD LIBOR setting, together with the 1 Month and 6 Month USD LIBOR settings, beyond June 30, 2023, on an unrepresentative, “synthetic” basis.

On June 8, 2021, the Commodity and Futures Trading Commission’s (CFTC) Market Risk Advisory Committee (MRAC) Interest Rate Benchmark Reform Subcommittee [voted](#) to recommend a market best practice for switching interdealer trading conventions from USD LIBOR to the Secured Overnight Financing Rate (SOFR) for USD linear interest rate swaps, referred to as “SOFR First”. The initiative recommends that, from July 26, 2021, interdealer brokers replace trading of USD LIBOR-linked linear swaps with trading of SOFR-linked linear swaps. It suggests that interdealer broker screens for USD LIBOR-linked linear swaps should remain visible for information purposes only after this date up until October 21, 2021, after which they should be turned off altogether.

The Methodology for USD LIBOR ICE Swap Rate uses input data consisting of quotes for prices and volumes of USD LIBOR-linked swaps, including quotes from interdealer broker screens at Level 1 of the Waterfall. To the extent that the SOFR First initiative results in interdealer broker screens ceasing to display quotes, or reducing the number of displayed quotes, for relevant USD LIBOR-linked swaps, this could result in a greater reliance on Levels 2 and 3 of the Waterfall in calculating USD LIBOR ICE Swap Rate. Insofar as the initiative results in a reduction of eligible input data at any level of the Waterfall, it might consequently impact IBA’s ability to calculate and publish one or more USD LIBOR ICE Swap Rates.

Please see the MRAC’s [FAQs](#) on SOFR First for further information on this initiative.



About the ICE Swap Rate

Introduction

ICE Swap Rate[®] (ISR) is recognised as the principal global benchmark for swap rates and spreads for interest rate swaps. It represents the mid-price for interest rate swaps (the fixed leg) and spreads (the applicable mid-price minus a corresponding specified government bond yield), at particular times of day in three major currencies (USD, GBP and EUR) and in tenors ranging from 1 year to 30 years. The underlying rate for the floating leg of the relevant swap transactions is 3 Month and 6 Month GBP ICE LIBOR[®] (LIBOR[®]) for GBP LIBOR ICE Swap Rate, 3 Month USD LIBOR for USD LIBOR ICE Swap Rate, and 3 Month and 6 Month EURIBOR[®] for EUR ICE Swap Rate. Since December 2020, IBA has also published a GBP SONIA ICE Swap Rate, where the underlying rate for the floating leg of the relevant swap transactions is Overnight SONIA compounded in arrears for twelve months using standard market conventions.

ISR is used as the exercise value for cash-settled swaptions, for close-out payments on early terminations of interest rate swaps, for some floating rate bonds and for valuing portfolios of interest rate swaps.

Methodology

ICE Benchmark Administration Limited (IBA) became the administrator of ISR in March 2015, and changed the methodology from a polled rate to one based on transaction quotes sourced from regulated, electronic trading venues. Movement interpolation, where a tenor is interpolated from the day-to-day movement in adjacent tenors (in certain conditions), was introduced into the methodology in November 2017, and the current “Waterfall” Methodology was adopted in May 2020.

Each published ISR benchmark setting is currently calculated using eligible prices and volumes for specified interest rate derivative products, provided by trading venues in accordance with IBA’s published “Waterfall” [Methodology](#).

The first level of the Waterfall (“Level 1”) uses eligible, executable prices and volumes provided by regulated, electronic, trading venues.

If these trading venues do not provide sufficient eligible input data to calculate a setting in accordance with Level 1 of the Methodology, then the second level of the Waterfall (“Level 2”) uses eligible dealer to client prices and volumes displayed electronically by trading venues.

If there is insufficient eligible input data to calculate a setting in accordance with Level 2 of the Methodology, then the third level of the Waterfall (“Level 3”) uses movement interpolation, where possible for applicable tenors, to calculate a setting.

Where it is not possible to calculate an ISR benchmark setting at Level 1, Level 2 or Level 3 of the Waterfall, then the ICE Swap Rate [Insufficient Data Policy](#) applies for that setting. This involves making a “No Publication” in respect of that ISR benchmark setting for that day.



LIBOR Transition and Cessation

LIBOR transition and the ICE Swap Rate

Since July 2017, when the UK Financial Conduct Authority (the FCA) announced its intention that it would no longer be necessary to persuade, or compel, banks to submit to ICE LIBOR® (LIBOR®) after December 31, 2021, market participants have engaged in a broad-based transition from LIBOR to alternative rates.

Transition from GBP LIBOR to SONIA⁶ in derivatives markets has been supported by the Working Group on Sterling Risk-Free Reference Rates (the Working Group), which has developed [a set of priorities and a roadmap for transition by end-2021](#).

The Working Group has recently published a [paper](#) to support market participants in meeting its upcoming recommended milestones for ending new use of GBP LIBOR in derivatives. The first of these milestones was to cease initiation of new GBP LIBOR-linked linear derivatives by the end of March 2021, except for risk management of existing positions.

In February 2021, the Non-Linear Task Force (NLTF) of the Working Group also published a [paper](#) suggesting fallbacks that could apply for GBP LIBOR ICE Swap Rate if GBP LIBOR in the relevant tenors ceases or becomes unrepresentative and GBP LIBOR ICE Swap Rate ceases to be available⁷.

In March 2021, the FCA and the Prudential Regulation Authority published a joint ["Dear CEO" letter](#) setting out their expectation that all firms would meet the milestones of the Working Group and the LIBOR transition targets of other working groups and relevant supervisory authorities, as appropriate.

On June 11, 2021, the International Swaps and Derivatives Association (ISDA) launched a [consultation](#) on draft amendments to the 2006 ISDA Definitions designed to implement the fallbacks for GBP LIBOR ICE Swap Rate proposed in the paper published by the NLTF⁸ in a scenario where GBP LIBOR ICE Swap Rate was unavailable and GBP LIBOR in the relevant tenor had permanently ceased or become unrepresentative. ISDA [announced](#) the results of the consultation on July 23, 2021.

To facilitate transition, IBA introduced, in December 2020, a suite of GBP SONIA ISR tenors with overnight SONIA compounded in arrears for twelve months as the underlying rate for the floating leg of the relevant swap transactions. IBA determines GBP SONIA ISR settings using the published ICE Swap Rate 'Waterfall' Methodology and makes these available for the same tenors and at the same time as the current GBP LIBOR ICE Swap Rate settings⁹.

⁶ SONIA has been recommended as the preferred alternative near risk free rate for use in Sterling derivatives and relevant financial contracts. See <https://www.bankofengland.co.uk/markets/sonia-benchmark>

⁷ A Subcommittee of the Alternative Reference Rates Committee (ARRC) in the US, has also published a paper suggesting a fallback that could apply for USD LIBOR ICE Swap Rate, if 3 Month USD LIBOR ceases or becomes unrepresentative and USD LIBOR ICE Swap Rate ceases to be available. See <https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2021/arrc-white-paper-on-suggested-fallback-formula-for-the-usd-libor-ice-swap-rate>

⁸ And also the fallbacks for USD LIBOR ICE Swap Rate suggested in the paper published by the subcommittee of the ARRC.

⁹ IBA also intends to produce a USD SOFR ICE Swap Rate in the future.



In May 2021, IBA also started publishing indicative GBP SONIA Spread-Adjusted ICE Swap Rate 'Beta' settings for an initial testing period. The settings are determined in line with the methodology proposed by the NLTF in the paper referred to above.¹⁰

LIBOR cessation

Following a separate consultation, IBA [announced](#) on March 5, 2021 that, in the absence of sufficient panel bank support and without the intervention of the FCA to compel continued panel bank contributions to LIBOR, it will not be possible for IBA to publish LIBOR settings beyond certain dates on a representative basis, including the 3 Month and 6 Month GBP LIBOR settings beyond December 31, 2021.

As a result of IBA not having access to input data necessary to calculate 3 Month and 6 Month GBP LIBOR settings on a representative basis beyond December 31, 2021, IBA announced that it will have to cease the publication of the 3 Month and 6 Month GBP LIBOR settings immediately after December 31, 2021, unless the FCA exercises its new powers (which are now included in the UK Benchmarks Regulation, as a result of amendments made by the Financial Services Act 2021) to require IBA to continue publishing such LIBOR settings using a changed, unrepresentative methodology (also known as a "synthetic" basis).

On March 5, 2021, the FCA [announced](#) that it would consult on requiring IBA to continue the publication of the 3 Month and 6 Month GBP LIBOR settings beyond December 31, 2021 on an unrepresentative, "synthetic" basis¹¹¹²¹³.

IBA does not expect to be able to continue to publish GBP LIBOR ICE Swap Rate settings for which the 3 Month or 6 Month LIBOR settings serve as the underlying rate for the floating leg of the relevant swap transaction after December 31, 2021, because IBA does not expect sufficient (or perhaps any) input data to be available based on eligible new interest rate swaps referencing GBP LIBOR settings from this time.

In accordance with IBA's ICE Swap Rate [Changes and Cessation Procedure](#), IBA has therefore sought feedback in the consultation published in May 2021 on its intention to cease the publication of GBP LIBOR ICE Swap Rate for all tenors immediately after publication on December 31, 2021.

¹⁰ IBA is publishing the GBP SONIA Spread-Adjusted ICE Swap Rate 'Beta' settings during the testing period solely for information and illustration purposes in order to enable stakeholders to evaluate the rates and provide feedback. The settings are not intended for, and IBA expressly prohibits their use for, any other purpose, including as a reference, index or benchmark in financial instruments, financial contracts, or investment funds. IBA will announce in due course when the GBP SONIA Spread-Adjusted ICE Swap Rate 'Beta' settings will be made available for use in financial instruments.

¹¹ The FCA also announced that it would consult on requiring IBA to continue the publication of the 1 Month GBP LIBOR setting beyond December 31, 2021 on an unrepresentative, "synthetic" basis.

¹² The FCA has since [consulted](#) on its proposals to compel IBA to publish these "synthetic" settings.

¹³ The FCA has confirmed, based on undertakings received from the panel banks, that it does not expect that any GBP LIBOR settings (including the 3 Month and 6 Month GBP LIBOR settings) will become unrepresentative before December 31, 2021.



Consultation Feedback and Conclusion

Feedback

IBA sought feedback on its intention to cease the publication of GBP LIBOR ICE Swap Rate (GBP LIBOR ISR) for all tenors immediately after publication on December 31, 2021.

Q1 Do you agree with IBA's intention to cease the publication of GBP LIBOR ICE Swap Rate for all tenors immediately after publication on December 31, 2021?

14 of the 15 respondents agreed.

Q2 If not, do you consider that GBP LIBOR ICE Swap Rate should be ceased:

- a) as of an earlier date (if so please specify the date and the reason for this date); or
- b) upon a particular set of circumstances (if so please specify these and the reason; for example, where, due to a prolonged lack of liquidity in the underlying swaps market, IBA is required under its ICE Swap Rate Insufficient Data Policy to make a "No Publication" in respect of a GBP LIBOR ISR setting for an extended period)?

The one respondent who did not agree with the cessation date of immediately after publication on December 31, 2021 stated that:

- They would be very opposed to an earlier cessation date; and
- They would prefer a no publication rather than a cessation because:
 - they thought it would give market participants the opportunity to have their derivatives contracts fall back in accordance with existing ISDA provisions; and
 - triggering an index cessation prior to December 31, 2021 could have undesirable implications for market stability.

Q3 Do you have any additional comments about the potential for GBP LIBOR ICE Swap Rate cessation?

8 respondents had no comments.

- One respondent stated that they would like IBA to continue to publish the GBP LIBOR ISR after December 31, 2021 using the recommended replacement conversion formula from GBP SONIA ISR.
- One respondent asked whether IBA had a contingency plan in the event that there is a prolonged lack of liquidity in the swap market, requiring IBA to make a "No Publication" in respect of a GBP LIBOR ISR setting for an extended period. The respondent also asked whether IBA would expect to revisit the matter via a new consultation, potentially with a view to bringing the publication cessation date forward in time, or considering other potential solutions to address the situation.

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- Two respondents suggested that GBP LIBOR-linked swap liquidity will likely reduce following the LCH bulk conversion¹⁴ on December 18, 2021. One commented that such a reduction would only likely be for a period of seven business days, which they thought would be manageable for the market.
 - One respondent commented that, if GBP LIBOR ISR cannot be published as a “synthetic” rate after December 31, 2021, and is discontinued, then they would be supportive of the publication of the GBP SONIA Spread-Adjusted ICE Swap Rate (currently published in an indicative, Beta, form only) in a format that allows its use for fallback purposes in financial instruments.
 - Another respondent stated that GBP LIBOR ISR should be ceased only if the GBP SONIA Spread-Adjusted ISR settings are available for market usage to support the transition of legacy instruments referencing GBP LIBOR ISR.
 - Another respondent noted that, depending on the results of the consultation being conducted by ISDA¹⁵, notification by the official sector that GBP SONIA Spread-Adjusted ISR is the recommended replacement for GBP LIBOR ISR would be helpful to ensure consistency within the market by providing guidance to calculation agents and help to avoid disputes in future.

IBA will continue to assess the liquidity in the GBP LIBOR swap markets and the availability of input data in respect of GBP LIBOR ISR. Users of GBP LIBOR ISR should note that, to the extent that there is any reduction in liquidity in relation to the GBP LIBOR-linked swaps that are used to generate input data for GBP LIBOR ISR, this could result in a greater reliance on Levels 2 and 3 of the Waterfall in calculating GBP LIBOR ISR, and could even impact IBA's ability to calculate and publish one or more GBP LIBOR ICE Swap Rates.

Where it is not possible to calculate the GBP LIBOR ISR benchmark setting at Level 1, Level 2 or Level 3 of the Waterfall due to a lack of input data, the ICE Swap Rate [Insufficient Data Policy](#) applies so that IBA would make a “No Publication” in respect of the applicable ISR benchmark setting for that day.

IBA's ICE Swap Rate [Changes and Cessation Procedure](#) would apply in the event IBA needed to make any changes to or cessation of GBP LIBOR ISR in the intervening period between now and end-2021, and for any new consultation, which would be carried out in accordance with IBA's [Consultation Policy](#).

IBA began publishing indicative GBP SONIA Spread-Adjusted ICE Swap Rate ‘Beta’ settings on May 5, 2021 for an initial testing period. The settings are determined in line with the GBP LIBOR ISR replacement methodology proposed by the Non-Linear Task Force of the Working Group on Sterling Risk-Free Reference Rates in its paper “[Transition in Sterling Non-Linear](#)

¹⁴ Please see LCH's [website](#) for details. For GBP LIBOR, conversion shall apply to SwapClear contracts outstanding at close of business on Friday, December 17, 2021 and will be conducted over that weekend.

¹⁵ Please see above reference to the [consultation](#) on draft amendments to the 2006 ISDA Definitions designed to implement the fallbacks for GBP LIBOR ICE Swap Rate proposed in the paper published by the NLTF and the fallbacks for USD LIBOR ICE Swap Rate suggested in the paper published by the subcommittee of the ARRC, in a scenario where the relevant ICE Swap Rate setting was unavailable and LIBOR in the relevant currency and tenor had permanently ceased or become unrepresentative. ISDA [announced](#) the results of the consultation on July 23, 2021.



[Derivatives referencing GBP LIBOR ICE Swap Rate \(ISR\)](#)". GBP SONIA Spread-Adjusted ICE Swap Rate 'Beta' settings are available [here](#).

Although IBA intends to publish these settings in the future as a benchmark for use in financial instruments (assuming the satisfactory conclusion of the initial testing period), IBA does not intend to publish these settings as a continuation of GBP LIBOR ISR in the event of the permanent cessation of GBP LIBOR ISR. This is because GBP SONIA Spread-Adjusted ICE Swap Rate settings are produced using different input data under a different methodology and would represent a different underlying market to GBP LIBOR ISR.

Q4 Do you have any comments regarding the process and timing for the potential for USD LIBOR ICE Swap Rate (USD LIBOR ISR) cessation in the future?

3 respondents had no comments.

- One respondent stated that USD LIBOR ISR cessation should be aligned with the cessation of the main tenors of USD LIBOR, i.e. after publication on June 30, 2023.
- One respondent commented that they expect USD LIBOR ISR to continue after year-end 2021 and that it should be ceased after the final USD LIBOR publication on June 30, 2023. They noted IBA's intention to produce a SOFR-based ISR and commented that this would assist with transition.
- One respondent commented that, should USD LIBOR ISR be available and work successfully in the existing waterfall methodology, they would want the USD LIBOR ISR to continue to be published. They also commented that it may be beneficial to take lessons learned from the GBP LIBOR transition and review further considerations for USD LIBOR ISR next year.
- Another response stated that it would be sensible if USD LIBOR ISR cessation were in line with the announced USD LIBOR cessation date of June 30, 2023 and that they would see benefits in IBA conducting a similar consultation on any potential cessation closer to the time.
- One respondent commented that they would not like to see an earlier cessation (before June 30, 2023), and that they would like IBA to continue to publish the USD LIBOR ISR after that date using the ARRC recommended fallback conversion formula.
- Another respondent commented that USD LIBOR ISR will remain crucial to the non-linear derivatives market until USD LIBOR cessation in June 2023. The respondent stated that the industry does not have a robust solution if the rates are not published prior to June 2023, and that they supported efforts to further improve the robustness of the rate, including perhaps incorporating SOFR/USD LIBOR basis swaps into the waterfall if it becomes clear that they will be the primary method of quoting interdealer USD LIBOR swaps after December 2021.
- Another respondent stated that the process and timing for potential USD LIBOR ISR cessation should follow a similar approach to the GBP LIBOR ISR process and, given the size of the USD LIBOR ISR market and the extended time period until USD LIBOR cessation in 2023, it is even more important that a scheduled cessation date be provided and adhered to. They asked that IBA endorse and adopt the ARRC's recommendations regarding the suggested fallback formula for USD LIBOR ISR in order to reach a consensus regarding the rate calculation methodology as soon as possible. They also requested that



IBA publish a SOFR-based ISR as soon as reasonably practicable in order to allow the market time to prepare and begin trading the new rate, recognising that there are threshold requirements including SOFR liquidity and SOFR market uptake. They encouraged IBA to publish both the SOFR-based ISR and a swap rate using the ARRC recommended fallback conversion formula as soon as possible, even if on a “beta” basis.

- A further respondent commented that they would be supportive of the publication of USD LIBOR ISR until at least June 30, 2023 and, if possible, beyond that date as a “synthetic” rate that is calculated using the fallback formula suggested by the ARRC, assuming that this formula is validated by ISDA’s upcoming consultation. They were hopeful that liquidity would continue in USD LIBOR swaps until June 30, 2023 and, if that were not to be the case, they encouraged ICE to consider additional changes to its methodology to allow for continued publication (e.g. by combining executable or indicative quotes for fixed-to-float swaps referencing SOFR and basis swaps between SOFR and LIBOR).
- Another respondent stated that they would support the publication of a SOFR-based ISR alternative to the USD LIBOR ISR as soon as possible this year.
- A further response noted that USD LIBOR ISR should also cease after a SOFR-based ISR is published in a form that can be referenced in financial instruments (ideally as soon as practicable) and not later than July 1, 2023.
- A final respondent noted that consistency in approach with the GBP LIBOR ISR cessation timing is preferable, i.e. cessation at June 30, 2023 with the official sector recommending an adjusted swap rate as the fallback for USD LIBOR ISR.

IBA expects to consult on the potential cessation of USD LIBOR ICE Swap Rate in due course. IBA also intends to produce a USD SOFR ICE Swap Rate in the future and explore the publication of USD SOFR Spread-Adjusted ICE Swap Rate settings determined in line with the USD LIBOR ISR fallback methodology proposed by a sub-committee of the ARRC in its paper “[Suggested Fallback Formula for the USD LIBOR ICE Swap Rate](#)”.

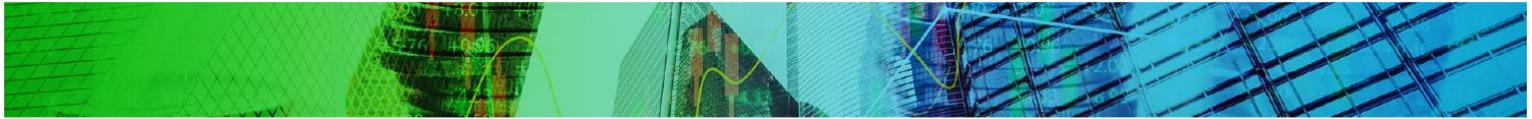
IBA will continue to assess the liquidity in the USD LIBOR swap markets and the availability of input data in respect of USD LIBOR ISR. Users of USD LIBOR ISR should note that, to the extent that there is any reduction in liquidity in relation to the USD LIBOR-linked swaps that are used to generate input data for USD LIBOR ISR, this could result in a greater reliance on Levels 2 and 3 of the Waterfall in calculating USD LIBOR ISR, and could even impact IBA’s ability to calculate and publish one or more USD LIBOR ICE Swap Rates.

Where it is not possible to calculate the USD LIBOR ISR benchmark setting at Level 1, Level 2 or Level 3 of the Waterfall due to a lack of input data, the ICE Swap Rate [Insufficient Data Policy](#) applies so that IBA would make a “No Publication” in respect of the applicable ISR benchmark setting for that day.

IBA’s ICE Swap Rate [Changes and Cessation Procedure](#) would apply in the event IBA needed to make any changes to or cessation of USD LIBOR ISR in the intervening period between now and end-June 2023, and for any new consultation, which would be carried out in accordance with IBA’s [Consultation Policy](#).

Conclusion

Following the conclusion of the consultation and after considering the feedback received, IBA is announcing today that it will cease the publication of GBP LIBOR ICE Swap Rate for all tenors immediately after publication on December 31, 2021.



Users of the GBP LIBOR ICE Swap Rate benchmark should take account of its upcoming cessation and ensure their contractual and other arrangements linked to the benchmark contain appropriate fallback or other arrangements to address the cessation.

Please note that the consultation was not a consultation on the potential for the cessation of any ICE Swap Rate settings other than GBP LIBOR ICE Swap Rate (i.e. USD LIBOR ICE Swap Rate, EUR ICE Swap Rate or GBP SONIA ICE Swap Rate).

Other than the above announcement regarding the cessation of the GBP LIBOR ICE Swap Rate, none of the consultation, this feedback statement, or any related press release is, or should be taken to be or include, an announcement that IBA will cease or continue the publication of any other ICE Swap Rate settings (i.e. USD LIBOR ICE Swap Rate, EUR ICE Swap Rate or GBP SONIA ICE Swap Rate), after December 31, 2021, or any other date.

IBA expects to consult on the potential cessation of USD LIBOR ICE Swap Rate in due course.



List of Non-confidential Responses

In the consultation paper, IBA noted that it would publish the comments received unless confidentiality was requested by the originator of the comments.

The following is a list of the non-confidential respondents. Their responses are available on IBA's [website](#). For data privacy reasons, the names of individuals are redacted.

BNP Paribas

European Bank for Reconstruction and Development (EBRD)

Morgan Stanley



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General

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