REDUCED SUBMISSIONS POLICY

Introduction

1. In the event that ICE Benchmark Administration (IBA) receives fewer than the expected number of submissions by the time that ICE LIBOR™ (LIBOR™) is due to be published, the reduced submissions policy described below will apply.

Sufficient Submissions

2. The number of submissions to ICE LIBOR is measured per currency as opposed to per tenor. This means that, if a Benchmark Submitter were to submit only half of the tenors for a particular currency, none of the submissions to that currency from that bank on that day would be accepted. In this way one 'submission' refers to a complete set of submitted rates for one currency from one bank.

3. ICE LIBOR will be published provided that five or more submissions have been received for a particular currency.

4. The calculation methodology is the same irrespective of the number of submissions received. However, under the reduced submissions policy there is a difference in the number of submissions excluded on the high side and on the low side ('topped and tailed'). The following table shows this:

Number of contributor Panel Banks	Number of Highest Rates Excluded	Number of Lowest Rates Excluded
18-15	4	4
14-11	3	3
10-8	2	2
7-5	1	1
4 or fewer	ICE LIBOR is not calculated using the standard methodology	

For example, for JPY, 12 contributor banks are expected to submit every day. If on a particular day only 9 complete submissions were received, according to the table above, the highest 2 and lowest 2 submissions for each tenor would be excluded and the remaining 5 submissions would be averaged to produce the ICE LIBOR rate for that day.

Insufficient Submissions

5. IBA's policy for insufficient submissions currently applies when four or fewer complete submissions per currency are received. In such an event, IBA would be likely to re-publish the previous day's published rate for all tenors in that particular currency.

6. The number of days that the previous day's LIBOR could be used would depend on the prevailing circumstances and practicalities. If the previous day's LIBOR rates have to be

published for any currency/ies for any day and unless it is clear that the circumstances will not persist, IBA will inform and consult with the following:

- FCA,
- Central Bank(s) for the affected currency/ies, and
- Chair of the LIBOR Oversight Committee.

7. In such circumstances, consideration might be given as to whether it would be appropriate to publish the previous day's LIBOR as adjusted by the delta of a Related Rate, which could be the term around the overnight RFR benchmarks if available.

8. As outlined in IBA's Contingency Policy:

- Related curves (e.g. OIS and Repos) are not always available in all LIBOR currencies and tenors, and
- In some circumstances, OIS, repo etc. may be very volatile and illiquid.

Announcement

9. If this reduced submissions policy were invoked, IBA would publish LIBOR in such manner and according to such schedule as IBA deems appropriate in the circumstances.

10. The UK Government announced on 23 June 2020 that it intends to legislate to ensure that the UK Financial Conduct Authority (FCA) has the appropriate regulatory powers to manage and direct any wind-down period prior to eventual LIBOR cessation.

11. The new regulatory powers would enable the FCA to direct a methodology change for LIBOR, in circumstances where the FCA has found that:

- The benchmark is not representative of the market it seeks to measure;
- The benchmark's representativeness will not be restored; and
- Action is necessary to protect consumers and/or to ensure market integrity and it is feasible for the administrator to change the methodology in the way required.

12. Existing law would also be strengthened to prohibit the use of LIBOR where its representativeness will not be restored, whilst giving the FCA the ability to specify limited continued use in legacy contracts.

13. The FCA has welcomed the announcement and proposes to publish statements of policy on its approach to potential use of these powers following further engagement with stakeholders in the UK and internationally. In particular, the FCA has also noted that it will seek stakeholder views on possible methodology changes based on the alternative risk free rates chosen in each of the LIBOR currency jurisdictions, and on the consensus already established in international and UK markets on a way of calculating an additional fixed credit spread that reflects the expected difference between LIBOR and risk-free interest rates.

14. Both the UK Government and the FCA advise that market participants should continue to focus on active transition of legacy contracts on terms that they themselves agree with their counterparties, because this is the only way to have certainty as to contractual continuity and control over contractual terms. They caution that parties who rely on regulatory action, enabled by the proposed legislation, will not have control over the economic terms of that action. Moreover regulatory action may not be able to address all issues or be practicable in all

circumstances, for example where a methodology change is not feasible, or would not protect consumers or market integrity.

Review

15. This Reduced Submissions Policy is subject to the Committee's review at least annually.

July 2020

REDUCED SUBMISSIONS

The following table records when IBA has published ICE LIBOR™ (LIBOR™) with fewer than the usual number of submissions since IBA became the Administrator on 01 February 2014:

#	Date of error	Number of banks	Number of days	Refix applicable?
1	28.09.16	1	1	No
1	21.03.19	1	1	No
