

USD LIBOR® ERROR POLICY

This policy is applicable only to USD LIBOR.

1. Introduction

ICE Benchmark Administration Limited (IBA) is committed both to minimising the risk of inaccuracies in the publication of “panel bank” USD LIBOR and to providing transparency to stakeholders about any errors in calculating the rate.

This Policy sets out IBA’s approach to handling errors identified subsequent to the publication of continuing USD LIBOR settings, which are calculated using panel bank contributions under the “panel bank” LIBOR methodology.

2. Considerations

Many considerations are associated with an error policy for USD LIBOR, including:

- Promoting and maintaining the integrity and transparency of USD LIBOR;
- Achieving an accurate and reliable representation of the underlying interest;
- Complying with international best practice standards and regulation;
- Acknowledging the operational impacts on users of USD LIBOR; and
- Safeguarding contractual integrity.

Because of these considerations, IBA has put in place the following:

- A threshold for materiality of errors;
- A cut-off time for reporting an error to IBA for any refix; and
- Transparency for errors discovered after the cut-off time.

3. Cut-off time for refix

The reasons for errors have included technical issues at USD LIBOR panel banks (referred to hereafter in this policy as contributor banks), misallocation by contributor banks of supporting transactions and booking a trade in the wrong currency. Errors are usually discovered during post-submission compliance checks on the day of submission but may not be found until a later occasion.

An error must be reported to IBA by 15.00 London time on the day of the error for a refix to be considered.

Mindful of the operational impacts that a refix is likely to have on users, IBA will, if a refix is under consideration on any day:

- Make an announcement at <https://www.theice.com/iba/market-status> by shortly after 15.00 London time that a refix is under consideration, stating the affected currency (USD) and tenor; and
- Any refixed rates will be published by IBA by no later than 16.00 that day. IBA has a materiality threshold for a refix of 3 bps of the published USD LIBOR rate.

IBA confirms that, if a refix is carried out, it will be a re-fixing of the USD LIBOR rate "as of 11.00 am".

4. Transparency of later or smaller errors

Some errors may be identified after the cut-off time for a refix – possibly weeks or months later – for example, during the course of an audit.

USD LIBOR contributor banks must report to IBA any error which affects the USD LIBOR submission of the contributor.

IBA publishes on a quarterly basis the incidence of errors. This includes errors that did not lead to a refix, either because the error came to light after the cut-off time or because the error was smaller than IBA's materiality threshold of 3 bps. The error report is attached.

Where a contributor bank has frequent errors, IBA will report the matter to the LIBOR Oversight Committee and the FCA.

5. Policy review

This Policy is produced by IBA in consultation with the LIBOR Oversight Committee and is subject to periodic review.

January 2022

REPORTED ERRORS*

The incidence of errors reported to IBA from 1 February 2014 to 31 March 2018 are published here:
https://www.theice.com/publicdocs/Reported_Errors_Pre_Waterfall_Methodology.pdf

From 01 April 2018 to 31 March 2019, IBA did not publish error reports because of the transition to the [Waterfall Methodology](#).

The following table records the incidence of errors reported since 01 April 2019 which impacted the “panel bank” LIBOR calculation:

Month	No. of Impacting Items**	No. of Panel Banks	Smallest Impact	Greatest Impact	No. of Refix Applicable
Apr-19	20	7	0.001bps	0.7 bps	-
May-19	13	7	0.0125bps	0.65 bps	-
Jun-19	22 ¹	6 ¹	0.0125bps	0.8375 bps ¹	-
Jul-19	11	5 ³	0.01429bps	0.55 bps	-
Aug-19	13	7 ³	0.0125bps	0.6625 bps	-
Sep-19	13	7 ³	0.012bps	1.1375 bps	-
Oct-19	22	5	0.0125bps	1.475 bps	-
Nov-19	32	6	0.0125bps	0.625 bps	-
Dec-19	24	9	0.0125bps	0.5125 bps	-
Jan-20	11	7	0.0125bps	1.0875 bps	-
Feb-20	13 ¹	8 ¹	0.0125bps	0.5875 bps ¹	-
Mar-20	35 ¹	15 ¹	0.0125bps	4.5875 bps ²	-
Apr-20	12	7	0.0125bps	0.6625bps	-
May-20	11	5	0.0125bps	1.4375bps	-
Jun-20	8	7	0.0125bps	1bps	-
Jul-20	10	6	0.0125bps	1.8bps	-
Aug-20	8	6	0.0125bps	0.8625bps	-
Sep-20	10 ¹	9 ¹	0.0125bps	0.3bps	-
Oct-20	15	6	0.0125bps	0.7375bps	-
Nov-20	6	3	0.0125bps	0.16667bps	-
Dec-20	5	2	0.0125bps	0.27143bps	-
Jan-21	8	5 ¹	0.0125bps	0.225bps ¹	-
Feb-21	2	3 ¹	0.013bps ¹	0.225bps ¹	-
Mar-21	5	5 ¹	0.0125bps	0.362bps ¹	-
Apr-21	7	5 ¹	0.0125bps	0.537bps ¹	-
May-21	9	5 ¹	0.0125bps	0.337bps ¹	-
Jun-21	10	4	0.0125bps	0.25714bps	-
Jul-21	8	5	0.012bps ¹	0.55bps	-
Aug-21	11 ¹	6	0.0125bps	0.16667bps	-
Sep-21	8 ¹	4	0.0125bps	0.28571bps	-

Oct-21	8	6	0.0125bps	0.175bps	-
Nov-21	7	5	0.0125bps	0.4bps	-
Dec-21	6	4	0.0125bps	0.725bps	-
Jan-22	2	2	0.02857bps	0.6bps	-
Feb-22	5	4	0.01429bps	0.26857bps	-
Mar-22	0	0	-	-	-

*Immediately prior to 1 January 2022, IBA calculated and published USD, GBP, JPY, EUR and CHF “panel bank” LIBOR settings. From 1 January 2022, IBA is only publishing the Overnight and the 1-, 3-, 6- and 12-Months USD LIBOR settings using panel bank contributions under the “panel bank” LIBOR methodology.

**An Impacting Item refers to an underlying event which impacts one or multiple submissions from a LIBOR contributor bank which would have resulted in a different published LIBOR value. In this table ‘Impacting Items’ are categorized under the calendar month in which the original submission/s occurred. If an item results in a reportable impact in more than one calendar month, then it is counted in both the ‘No. of Impacting Items’ and ‘No. of Panel Bank’ statistics for all months affected.

¹ Data updated to include additional impacting items subsequently reported to IBA.

² This error did not lead to a republication (refix) of LIBOR as the notification was after the cut-off time.

³ Corrected data.
