

NEWS RELEASE  
For Immediate Release

## **ISDA Publishes Benchmarks Supplement**

**NEW YORK, September 19, 2018** – The International Swaps and Derivatives Association, Inc. (ISDA) has today published the ISDA Benchmarks Supplement, which gives firms the ability to improve the contractual robustness of derivatives that reference interest rate, FX, equity and commodities benchmarks.

The ISDA Benchmarks Supplement has been developed in response to the European Union (EU) Benchmarks Regulation (BMR), which regulates the use of a wide variety of benchmarks across different asset classes. The BMR requires contracts between supervised entities and their clients to set out the actions they would take if a referenced benchmark is materially changed, ceases to be provided or is prohibited from use.

The ISDA Benchmarks Supplement also responds to the International Organization of Securities Commissions' *Statement on Matters to Consider in the Use of Financial Benchmarks*, which recommends that parties globally implement similar plans for a cessation or material change to a benchmark.

By incorporating the ISDA Benchmarks Supplement into the terms of their interest rate, FX, equity and commodity derivatives, market participants will be able to ensure these events are taken into account in their contracts and specify the fallback arrangements that would apply.

The ISDA Benchmarks Supplement covers a much broader range of benchmarks than ISDA's work to implement robust fallbacks to specific rates for certain interbank offered rates (IBORs), which is being undertaken at the request of the Financial Stability Board's Official Sector Steering Group.

While two separate initiatives, the ISDA Benchmarks Supplement complements the IBOR fallback work, as it enables firms to agree interim fallback arrangements should an IBOR cease to exist before the IBOR fallbacks are implemented. The IBOR fallbacks will take precedence for specified IBORs once implemented, but the ISDA Benchmarks Supplement will continue to provide an additional layer of protection with respect to index cessation in the event an IBOR fallback fails. It also enables parties to specify primary fallbacks if a benchmark (including an IBOR) is prohibited from use in a derivatives transaction.

“Publication of ISDA's Benchmarks Supplement represents an important step in our efforts to enhance the contractual robustness of derivatives that reference benchmarks. It complements our ongoing work on IBOR fallbacks, and responds to the regulatory mandate in the EU by enabling firms to agree fallback arrangements for a wide variety of benchmarks across different asset classes. Together, these initiatives will make the derivatives markets safer and more efficient, particularly while efforts continue to adopt risk-free rates where appropriate,” said Scott O'Malia, ISDA's Chief Executive.

Use of the ISDA Benchmarks Supplement is voluntary and may be agreed bilaterally or via a protocol, which ISDA intends to publish in future. It has been generically drafted so it can be used in relevant derivatives transactions regardless of whether they are in-scope of the EU BMR.

The ISDA Benchmarks Supplement was developed by an ISDA working group that includes dealers, asset managers, institutional investors, funds and end users. Linklaters LLP acted as drafting counsel.

The ISDA Benchmarks Supplement is available on the [Books section](#) of the ISDA website. An [FAQ is also available](#).

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**About ISDA**

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 900 member institutions from 68 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org). Follow us on Twitter @ISDA.

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