

Fallbacks for GBP LIBOR ICE Swap Rate & USD LIBOR ICE Swap Rate – FAQs

ISDA has prepared this list of frequently asked questions (“**FAQs**”) to assist in your consideration of Supplement number 82 to the 2006 ISDA Definitions (the “**2006 Definitions**”), Supplement number 88 to the 2006 Definitions, the amendments made in respect of the GBP LIBOR ICE Swap Rate and the USD LIBOR ICE Swap Rate in Version 2.0 and Version 3.0, respectively, of the 2021 ISDA Interest Rate Derivatives Definitions (the “**2021 Definitions**”), the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions (the “**GBP Standalone Fallbacks Amendment**”), the Template Form of Amendment for adoption of USD LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating the 2000 ISDA Definitions (the “**2000 Definitions**”), the 2006 Definitions or the 2021 Definitions, as updated in June 2022 (the “**June 2022 USD Standalone Fallbacks Amendment**”) and the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate, USD LIBOR ICE Swap Rate and JPY LIBOR Tokyo Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating either the 2006 Definitions or the 2021 Definitions (the “**Combined GBP/JPY/USD Fallbacks Amendment**”) (the “**ISR Fallbacks Documentation**”). Capitalized terms used in these FAQs and not otherwise defined have the meanings given to them in the ISR Fallbacks Documentation or the 2006 Definitions.

The June 2022 USD Standalone Fallbacks Amendment is an updated version of the Template Form of Amendment for adoption of USD LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating either the 2006 Definitions or the 2021 Definitions, which was published by ISDA in November 2021 (the “**November 2021 USD Standalone Fallbacks Amendment**” and, together with the June 2022 USD Standalone Fallbacks Amendment, the “**USD Standalone Fallbacks Amendments**”). Among other updates, the June 2022 USD Standalone Fallbacks Amendment also covers Confirmations for legacy transactions that incorporate the 2000 Definitions. ISDA has published a table outlining the differences between the June 2022 USD Standalone Fallbacks Amendment and the November 2021 USD Standalone Fallbacks Amendment that is available [here](#).

THESE FREQUENTLY ASKED QUESTIONS DO NOT PURPORT TO BE AND SHOULD NOT BE CONSIDERED A GUIDE TO, OR AN EXPLANATION OF, ALL RELEVANT ISSUES OR CONSIDERATIONS IN CONNECTION WITH THE ISR FALLBACKS DOCUMENTATION. PARTIES SHOULD CONSULT WITH THEIR LEGAL ADVISERS AND ANY OTHER ADVISER THEY DEEM APPROPRIATE PRIOR TO USING OR INCORPORATING THE ISR FALLBACKS DOCUMENTATION. ISDA ASSUMES NO RESPONSIBILITY FOR ANY USE TO WHICH ANY OF ITS DOCUMENTATION OR OTHER DOCUMENTATION MAY BE PUT.

Introduction

The GBP LIBOR ICE Swap Rate, the USD LIBOR ICE Swap Rate and certain other swap rates are calculated by reference to LIBOR swaps. Once LIBOR in the relevant currency and tenor is permanently discontinued or non-representative, it will not be possible for the administrator of these swap rates to continue publishing these rates. The ISR Fallbacks Documentation therefore enables market participants to include new triggers and fallbacks for the GBP LIBOR ICE Swap Rate and the USD LIBOR ICE Swap Rate in certain ISDA documentation. ISDA has also published

documentation to enable market participants to include new triggers and fallbacks for the JPY LIBOR Tokyo Swap Rates (see Question 11 (*Will similar amendments be made to other swap rates which are not the ISRs (such as the JPY LIBOR Tokyo Swap Rates)?*) below).

Questions and Answers

The following section sets out questions and answers that are designed to explain the basic operation and application of the ISR Fallbacks Documentation and related issues.

List of Questions

1. What are the GBP LIBOR ICE Swap Rates (“**GBP LIBOR ISRs**”) and USD LIBOR ICE Swap Rates (“**USD LIBOR ISRs**”, together with the GBP LIBOR ISRs, the “**ISRs**”)?
2. How and where are the ISRs referred to and used in the 2000 Definitions, 2006 Definitions and 2021 Definitions?
3. Why are references to the ISRs in the 2000 Definitions, 2006 Definitions and 2021 Definitions being amended?
4. What are the contractual fallbacks for the ISRs in the 2000 Definitions, the 2006 Definitions pre-Supplement number 82 and pre-Supplement number 88 and the 2021 Definitions pre-Version 2.0 and pre-Version 3.0?
5. What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?
6. How has ISDA implemented the new contractual fallbacks for the ISRs?
 - a. What does Supplement number 82 to the 2006 Definitions (the “**GBP Fallbacks Supplement**”) do?
 - b. What does Supplement number 88 to the 2006 Definitions (the “**JPY and USD Fallbacks Supplement**”) do?
 - c. How are the ISR Fallback Provisions being implemented in the 2021 Definitions?
 - d. What does the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions (the “**GBP Standalone Fallbacks Amendment**”) do?
 - e. What does the Template Form of Amendment for adoption of USD LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating the 2000 Definitions, the 2006 Definitions or the 2021 Definitions, as updated in June 2022 (the “**June 2022 USD Standalone Fallbacks Amendment**”) do?
 - f. What does the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate, USD LIBOR ICE Swap Rate and JPY LIBOR Tokyo Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating either the 2006 Definitions or the 2021 Definitions (the “**Combined GBP/JPY/USD Fallbacks Amendment**”) do?

- g. What documents are in scope of the GBP Fallbacks Supplement, the JPY and USD Fallbacks Supplement, the GBP Standalone Fallbacks Amendment, the June 2022 USD Standalone Fallbacks Amendment and the Combined GBP/JPY/USD Fallbacks Amendment?
7. When do the new contractual fallbacks for the GBP LIBOR ISRs apply?
 8. When do the new contractual fallbacks for the USD LIBOR ISRs apply?
 9. Annex B to the GBP Standalone Fallbacks Amendment and Annex D to the June 2022 USD Standalone Fallbacks Amendment contain language which is slightly different to the equivalent language included in the GBP Fallbacks Supplement and the JPY and USD Fallbacks Supplement. Why is this the case?
 10. Why were fallbacks for the GBP LIBOR ISRs and the USD LIBOR ISRs implemented separately?
 11. Were similar amendments made to other swap rates which are not the ISRs (such as the JPY LIBOR Tokyo Swap Rates)?
 12. Why do the IBOR Fallbacks Supplement and the ISDA 2020 IBOR Fallbacks Protocol not include the new fallbacks for the ISRs?
 13. Are novated transactions amended by the USD Standalone Fallbacks Amendments?

Questions and Answers

1. What are the GBP LIBOR ICE Swap Rates (“GBP LIBOR ISRs”) and USD LIBOR ICE Swap Rates (“USD LIBOR ISRs”, together with the GBP LIBOR ISRs, the “ISRs”)?

The ISRs are benchmarks published (or, in the case of the GBP LIBOR ISRs, which were published)¹ by ICE Benchmark Administration Limited (“**IBA**”) and that represent the mid-price for the fixed leg of a fixed-for-floating swap transaction where the floating leg references a specified LIBOR rate, being 3-month or 6-month GBP LIBOR for the GBP LIBOR ISRs and 3-month USD LIBOR for the USD LIBOR ISRs, for certain tenors at a specified time of the day. IBA also publishes an ICE Swap Rate representing swap spreads (the applicable mid-price minus a corresponding specified government bond yield) but this version of the ICE Swap Rate is not referenced in ISDA’s documentation and is therefore not covered by these FAQs.

The ISRs are (or, in the case of the GBP LIBOR ISRs, were) published using a waterfall methodology of inputs and are dependent on quotes for prices and volumes of interest rate swaps referencing the relevant GBP LIBOR or USD LIBOR tenor, as applicable. Further information about the ISRs is available on IBA’s website ([here](#)).

2. How and where are the ISRs referred to and used in the 2000 ISDA Definitions, 2006 Definitions and 2021 Definitions?

Section 7.1 of the Annex to the 2000 Definitions contains a ‘Rate Option’ for the USD LIBOR ISRs, Section 7.1 of the 2006 Definitions contains various ‘Rate Options’ for the ISRs, and the 2021 Definitions Floating Rate Matrix contains two Floating Rate Options for the ISRs, which are all primarily used as the floating rate in constant maturity swaps and CMS-linked derivatives. In the case of the 2000 Definitions and the 2006 Definitions, the names of the Rate Options reflect the former names of the ISRs before they were administered by IBA. The Rate Options/Floating Rate Options are as follows:

2000 Definitions:

USD-ISDA-Swap Rate.

2006 Definitions:

- (i) GBP-ISDA-Swap Rate;
- (ii) USD-ISDA-Swap Rate;
- (iii) USD-ISDA-Swap Rate-3:00;
- (iv) USD-ISDAFIX3-Swap Rate; and
- (v) USD-ISDAFIX3-Swap Rate-3:00.

2021 Definitions:

¹ IBA ceased publication of the GBP LIBOR ISRs immediately following the final publication on 31 December 2021.

- (i) GBP-ICE Swap Rate (together with GBP-ISDA Swap Rate, the “**GBP LIBOR ISR Rate Option**”);
- (ii) USD-ICE Swap Rate-11:00; and
- (iii) USD-ICE Swap Rate-15:00 (together with the USD-ISDA-Swap Rate included in the 2000 Definitions, USD-ICE Swap Rate-11:00 and the 2006 Rate Options in (ii) to (v) above, the “**USD LIBOR ISR Rate Options**”).

Sections 12 and 17 of the 2000 Definitions, Sections 13 and 18 of the 2006 Definitions and Section 17 of the 2021 Definitions also reference the ISRs (or the USD LIBOR ISRs only in respect of the 2000 Definitions) as the Settlement Rate for the purposes of (i) determining whether the buyer of a GBP or a USD swaption is in-the-money for the purposes of Automatic Exercise or Fallback Exercise and (ii) calculating the Cash Settlement Amount for cash settled GBP and USD swaptions (and swap transactions to which Optional Early Termination or Mandatory Early Termination applies) which use, in the 2000 Definitions, 2006 Definitions and 2021 Definitions, Par Yield Curve – Unadjusted or, in the 2000 Definitions and the 2006 Definitions only, Par-Yield Curve – Adjusted or Zero Coupon Yield - Adjusted, or, in the 2006 Definitions and the 2021 Definitions only, Collateralized Cash Price as the Cash Settlement Method (the “**Settlement Rate Provisions**”).

3. Why are references to the ISRs in the 2000 Definitions, 2006 Definitions and 2021 Definitions being amended?

As explained in Question 1 (*What are the GBP LIBOR ICE Swap Rates (“GBP LIBOR ISRs”) and USD LIBOR ICE Swap Rates (“USD LIBOR ISRs”), together with the GBP LIBOR ISRs, the “ISRs”?*) above, availability for trading of 3-month and 6-month GBP LIBOR and 3-month USD LIBOR, as applicable, is required in order to ensure that the necessary input data for the relevant ISR is available. However, on March 5, 2021, the UK Financial Conduct Authority (the “FCA”), which regulates IBA as the administrator of LIBOR, announced that (i) immediately after December 31, 2021, the 3-month and 6-month GBP LIBOR settings, and (ii) immediately after June 30, 2023, the 3-month USD LIBOR setting, will no longer be representative of the underlying market and economic reality that such settings are intended to measure and that representativeness will not be restored.² Consequently, following feedback from market participants on IBA’s public consultation published in May 2021 (the “**IBA GBP LIBOR ISR Cessation Consultation**”) (available [here](#)) and its announcement on August 4, 2021, IBA ceased the publication of the GBP LIBOR ISRs for all tenors immediately after publication on December 31, 2021 as IBA did not expect sufficient (or perhaps any) input data to be available based on eligible new interest rate swaps referencing GBP LIBOR settings from that time (the “**IBA GBP LIBOR ISR Cessation Announcement**”).³

IBA has not yet consulted on any intention to cease publication of the USD LIBOR ISRs. However, the FCA’s announcement will also have implications for the USD LIBOR ISRs

² <https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

³ <https://ir.theice.com/press/news-details/2021/ICE-Benchmark-Administration-Publishes-Feedback-Statement-on-the-Consultation-on-the-Potential-Cessation-of-ICE-Swap-Rate-based-on-GBP-LIBOR/default.aspx>

and IBA indicated in the IBA GBP LIBOR ISR Cessation Announcement that it expects to consult on the potential cessation of the USD LIBOR ISRs in due course.

Therefore, now that IBA has ceased publication of the GBP LIBOR ISRs (and if, following consultation, IBA also ceases publication of the USD LIBOR ISRs), the applicable contractual fallbacks included in the 2000 Definitions (in respect of the USD LIBOR ISRs), 2006 Definitions and in Version 1.0 (in respect of the GBP LIBOR ISRs) and in Version 1.0 and 2.0 (in respect of the USD LIBOR ISRs) of the 2021 Definitions will apply. However, the 2000 Definitions (in respect of the USD LIBOR ISRs), pre-Supplement number 82 (in respect of the GBP LIBOR ISRs), pre-Supplement number 88 (in respect of the USD LIBOR ISRs), pre-Version 2.0 of the 2021 Definitions (in respect of the GBP LIBOR ISRs) and pre-Version 3.0 of the 2021 Definitions (in respect of the USD LIBOR ISRs) fallbacks are not expected to function effectively upon a permanent cessation of the ISRs. See Question 4 (*What are the contractual fallbacks for the ISRs in the 2000 Definitions, the 2006 Definitions pre-Supplement number 82 and pre-Supplement number 88 and the 2021 Definitions pre-Version 2.0 and pre-Version 3.0?*) below for further information.

4. What are the contractual fallbacks for the ISRs in the 2000 Definitions, the 2006 Definitions pre-Supplement number 82 and pre-Supplement number 88 and the 2021 Definitions pre-Version 2.0 and pre-Version 3.0?

Prior to publication of the GBP Fallbacks Supplement (in respect of the GBP LIBOR ISRs) and the JPY and USD Fallbacks Supplement (in respect of the USD LIBOR ISRs), the contractual fallbacks that would apply under the 2000 Definitions and the 2006 Definitions for the ISRs and in Version 1.0 of the 2021 Definitions (in respect of the GBP LIBOR ISRs) and in Versions 1.0 and 2.0 of the 2021 Definitions (in respect of the USD LIBOR ISRs) depend on whether the ISRs are referenced as part of the Floating Rate Option or as the Settlement Rate. Upon a temporary or permanent cessation of the relevant ISR, the fallbacks set out in:

- (i) the GBP LIBOR ISR Rate Option require the Calculation Agent to determine the rate;
- (ii) the USD LIBOR ISR Rate Options require quotations from Reference Banks (with no further fallbacks); and
- (iii) the fallbacks set out in the Settlement Rate Provisions require quotations from Cash Settlement Reference Banks (Settlement Rate Reference Banks in the 2021 Definitions) and, if fewer than three quotations are provided, the Calculation Agent to determine the rate.⁴

These fallbacks will apply to transactions which incorporate the 2000 Definitions, the 2006 Definitions and that were entered into before publication of the GBP Fallbacks Supplement (in respect of the GBP LIBOR ISRs) or the JPY and USD Fallbacks Supplement (in respect of the USD LIBOR ISRs) or which incorporate Version 1.0 of the 2021 Definitions (in respect of the GBP LIBOR ISRs) or Versions 1.0 or 2.0 of the 2021 Definitions (in respect

⁴ Version 1.0 of the 2021 Definitions applies the Generic Fallback Provisions to a permanent cessation/non-representativeness of the Settlement Rate.

of the USD LIBOR ISRs) (unless those transactions are subsequently amended either (in respect of a transaction that incorporates the 2006 Definitions) to incorporate the terms of the GBP Fallbacks Supplement (in respect of the GBP LIBOR ISRs) or the terms of the JPY and USD Fallbacks Supplement (in respect of the USD LIBOR ISRs), or (in respect of a transaction that incorporates the 2021 Definitions), to incorporate the amendments made in respect of the GBP LIBOR ISRs in Version 2.0 or later of the 2021 Definitions or to incorporate the amendments made in respect of the USD LIBOR ISRs in Version 3.0 or later of the 2021 Definitions, as further explained in Question 6 (*How has ISDA implemented the new contractual fallbacks for the ISRs?*) below).

5. What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?

New fallbacks for GBP LIBOR ISRs

The ISR Fallbacks Documentation sets out new contractual fallbacks for the GBP LIBOR ISRs (the “**GBP Fallback Provisions**”) that will apply following a GBP LIBOR Index Cessation Effective Date with respect to the applicable GBP LIBOR tenor (i.e. the tenor that is used in transactions and other data points used to calculate the GBP LIBOR ISR). A GBP LIBOR Index Cessation Effective Date with respect to 3-month and 6-month GBP LIBOR occurred on the first London Banking Day on or after January 1, 2022. These new fallbacks are based on the fallback rate suggested by the Non-Linear Task Force (the “**NLTF**”) of the Working Group on Sterling Risk-Free Reference Rates (the “**Sterling RFR WG**”) (as further explained below).

The new fallbacks for the GBP LIBOR ISR are to the ‘Published GBP ISR Fallback Rate’, which is calculated using the formula suggested by the NLTF of the Sterling RFR WG in a paper published in February 2021.⁵ This formula uses the following input data:

- (i) the GBP SONIA ICE Swap Rate (the “**SONIA ISR**”) for the relevant tenor;
- (ii) the fixed spread adjustment published by Bloomberg relating to GBP LIBOR in the applicable tenor, based on the median of the differences between GBP LIBOR in the relevant tenor and SONIA compounded over each corresponding period over a static five-year period; and
- (iii) certain convexity adjustments to compensate for the varying payment frequencies between the fixed and floating legs of the SONIA ISR and the GBP LIBOR ISR.

A Published GBP ISR Fallback Rate will only exist if an administrator publishes such a rate. The Published GBP ISR Fallback Rate is currently published by IBA.

If there is no Published GBP ISR Fallback Rate, there is a further fallback to the ‘Calculated GBP ISR Fallback Rate’. This requires the Calculation Agent to calculate the relevant rate in accordance with a formula set out in the ISR Fallbacks Documentation, which is the same formula suggested by the NLTF of the Sterling RFR WG.

⁵ <https://www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/rfr/supporting-transition-in-sterling-non-linear-derivatives-referencing-gbp-libor-ice-swap-rate.pdf>.

The methodology for the GBP LIBOR ISR fallback rate suggested by the NLTF and incorporated into the ISR Fallbacks Documentation is specifically intended for use after the cessation or non-representativeness of the relevant tenor of GBP LIBOR, as set out in the NLTF's paper.

New fallbacks for USD LIBOR ISRs

The new fallbacks for the USD LIBOR ISR (the “**USD LIBOR ISR Fallback Provisions**” and, together with the GBP LIBOR ISR Fallback Provisions, the “**ISR Fallback Provisions**”) are to the ‘Published USD ISR Fallback Rate’, which is calculated using the formula proposed by the Alternative Reference Rates Committee (“**ARRC**”) in its White Paper published in March 2021.⁶ This formula uses the following input data:

- (i) the USD SOFR ICE Swap Rate (the “**SOFR ISR**”) for the relevant tenor;
- (ii) the fixed spread adjustment published by Bloomberg relating to USD LIBOR in the applicable tenor, based on the median of the differences between USD LIBOR in the relevant tenor and SOFR compounded over each corresponding period over a static five-year period; and
- (iii) certain convexity adjustments to compensate for the varying payment frequencies between the fixed and floating legs of the USD LIBOR ISRs and the SOFR ISR.

A Published USD ISR Fallback Rate will only exist if an administrator publishes such a rate.⁷

If there is no Published USD ISR Fallback Rate, there is a further fallback to the ‘Calculated USD ISR Fallback Rate’. This requires the Calculation Agent to calculate the relevant rate in accordance with a formula set out in the ISR Fallbacks Documentation, which is the same formula suggested by the ARRC.

As with the GBP LIBOR ISRs, the new fallbacks for the USD LIBOR ISRs are only intended to apply after the cessation or non-representativeness of the relevant tenor of USD LIBOR. If the USD LIBOR ISR is unavailable before the cessation or non-representativeness of the relevant tenor of USD LIBOR, the existing fallbacks for the USD LIBOR ISR (explained in Question 4 (*What are the contractual fallbacks for the ISRs in the 2000 Definitions, the 2006 Definitions pre-Supplement number 82 and pre-Supplement number 88 and the 2021 Definitions pre-Version 2.0 and pre-Version 3.0?*) above) will continue to apply.

ISDA consultation on new fallbacks

Before publishing the ISR Fallbacks Documentation, ISDA commissioned the Brattle Group to independently review the papers published by the NLTF and ARRC and also ran a consultation to seek feedback from market participants on ISDA's proposal to implement

⁶ [arrc-white-paper-on-suggested-fallback-formula-for-the-usd-libor-ice-swap-rate \(newyorkfed.org\)](https://www.newyorkfed.org/arrc-white-paper-on-suggested-fallback-formula-for-the-usd-libor-ice-swap-rate).

⁷ IBA has started to publish the indicative USD SOFR Spread-Adjusted ICE Swap Rate ‘Beta’ Settings and IBA states on its website that the settings will be determined in line with the methodology proposed by the ARRC. See IBA's website for further information: <https://www.theice.com/iba/ice-swap-rate>.

new fallbacks for the ISRs based on the fallback formulae and triggers suggested by the NLTF and the ARRC.

The Brattle Group has confirmed that the adjustments proposed in the papers are necessary for applying additional precision to the fallback calculation in order to account for differences in day count conventions and payment frequency between the LIBOR-based ISRs and the SONIA-based and SOFR-based ISRs. The Brattle Group has also confirmed that the adjustments do not appear to result in economic changes other than those necessary for applying additional precision to the spread adjustments to be included in those fallbacks and making those spread adjustments consistent with the framework for the fallbacks in the IBOR Fallbacks Supplement. However, market participants should form their own views regarding the proposed adjustments. The Brattle Group's report is available [here](#).

ISDA published a consultation on fallbacks for the ISRs in June 2021. The consultation can be found [here](#). The consultation included links to drafts of the proposed amendments to Section 7, Section 13 and Section 18 of the 2006 Definitions and asked market participants if they agreed with the ISR fallback provisions set out in those draft amendments. The consultation also set out criteria which needed to be satisfied in order for the proposed amendments to be made by way of a Supplement to the 2006 Definitions for new transactions. ISDA published the [results of the consultation](#) on July 23, 2021. The results of the consultation indicated that a significant majority of respondents agreed with the fallback provisions set out in the draft amendments attached to the consultation. It was also confirmed that respondents to the consultation satisfied the criteria specified in the consultation for ISDA to publish a Supplement to the 2006 Definitions to incorporate the new fallbacks in new transactions, as well as template language that counterparties could use to negotiate bilateral amendments for incorporation of the amended terms in legacy derivative contracts. See Question 6 (*How has ISDA implemented the new contractual fallbacks for the ISRs?*) below regarding implementation of the new fallbacks.

6. How has ISDA implemented the new contractual fallbacks for the ISRs?

In order to incorporate the new contractual fallbacks for ISRs, ISDA has published the ISR Fallbacks Documentation, which enables parties to include new contractual fallbacks for the ISRs in certain of their ISDA documentation. The ISR Fallbacks Documentation is comprised of Supplement number 82 to the 2006 Definitions (the “**GBP Fallbacks Supplement**”), Supplement number 88 to the 2006 Definitions (the “**JPY and USD Fallbacks Supplement**”), the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating the 2006 Definitions (the “**GBP Standalone Fallbacks Amendment**”), the Template Form of Amendment for adoption of USD LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating the 2000 Definitions, the 2006 Definitions or the 2021 Definitions, as updated in June 2022 (the “**June 2022 USD Standalone Fallbacks Amendment**”) and the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate, USD LIBOR ICE Swap Rate and JPY LIBOR Tokyo Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating either the

2006 Definitions or the 2021 Definitions (the “**Combined GBP/JPY/USD Fallbacks Amendment**”).

(a) What does Supplement number 82 to the 2006 Definitions (the “GBP Fallbacks Supplement”) do?

The GBP Fallbacks Supplement enables parties to derivative contracts which incorporate the 2006 Definitions and are entered into on or after August 6, 2021 to include new triggers and fallbacks for the GBP LIBOR ISRs. This happens automatically without the need for any further action to be taken by the parties because the GBP Fallbacks Supplement forms part of the 2006 Definitions which are incorporated into the Confirmation. The GBP Fallbacks Supplement does so by updating (i) the GBP LIBOR ISR Rate Option listed in Question 2 (*How and where are the ISRs referred to and used in the 2000 ISDA Definitions, 2006 Definitions and 2021 Definitions?*) above in Section 7.1 of the 2006 Definitions and (ii) the relevant settlement rate provisions in Sections 13.9 and 18.2(f) and related Sections of the 2006 Definitions, in each case to incorporate the fallbacks for the GBP LIBOR ISRs as set out in Question 5 (*What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?*) above.

(b) What does Supplement number 88 to the 2006 Definitions (the “JPY and USD Fallbacks Supplement”) do?

The JPY and USD Fallbacks Supplement enables parties to derivative contracts that incorporate the 2006 Definitions and are entered into on or after November 10, 2021 to include new triggers and fallbacks for the USD LIBOR ISRs. This happens automatically without the need for any further action to be taken by the parties because the JPY and USD Fallbacks Supplement forms part of the 2006 Definitions which are incorporated into the Confirmation. The JPY and USD Fallbacks Supplement does so by updating (i) the USD LIBOR ISR Rate Options listed in Question 2 (*How and where are the ISRs referred to and used in the 2000 ISDA Definitions, 2006 Definitions and 2021 Definitions?*) above in Section 7.1 of the 2006 Definitions and (ii) the relevant Settlement Rate Provisions in Sections 13.9, 18.2(f) and related Sections of the 2006 Definitions, in each case to incorporate the fallbacks for the USD LIBOR ISRs as set out in Question 5 (*What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?*) above.

(c) How are the ISR Fallback Provisions being implemented in the 2021 Definitions?

The GBP LIBOR ISR Fallback Provisions have been implemented in Version 2.0 of the 2021 Definitions and are substantively the same as the fallback provisions included in the GBP Fallbacks Supplement. Version 2.0 of the 2021 Definitions was published on September 30, 2021 and will apply to all Transactions entered into on or after that date which incorporate the 2021 Definitions. The USD LIBOR ISR Fallbacks Provisions have been implemented in Version 3.0 of the 2021 Definitions and are substantively the same as the fallback provisions included in the JPY and USD Fallbacks Supplement. Version 3.0 of the 2021 Definitions was published on November 10, 2021 and will apply to all Transactions entered into on or after that date which incorporate the 2021 Definitions.

In the 2021 Definitions, the Settlement Rate Provisions are all housed in Section 17 and so only this section has been updated in Version 2.0 (in respect of the GBP LIBOR ISRs) and Version 3.0 (in respect of the USD LIBOR ISRs), as opposed to two sections relating to the Settlement Rate (Sections 13.9 and 18.2(f)) in the 2006 Definitions. The new fallbacks for the GBP LIBOR ISR Rate Option and the USD LIBOR ISR Rate Option are set out in the Floating Rate Matrix with the substantive operative language referenced by the Floating Rate Matrix being found in Section 9.

(d) What does the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions (the “GBP Standalone Fallbacks Amendment”) do?

The GBP Standalone Fallbacks Amendment enables parties to bilaterally include new triggers and fallbacks for the GBP LIBOR ISR in certain of their legacy Swap Transactions that were entered into before August 6, 2021. See Question 5 (*What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?*) above for more information on the new fallbacks. See also Question 9 (*Annex B to the GBP Standalone Fallbacks Amendment and Annex D to the June 2022 USD Standalone Fallbacks Amendment contain language which is slightly different to the equivalent language included in the GBP Fallbacks Supplement and the JPY and USD Fallbacks Supplement. Why is this the case?*) below for further information on the amendments to the settlement rate provisions for legacy Swap Transactions.

(e) What does the Template Form of Amendment for adoption of USD LIBOR ICE Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating the 2000 Definitions, the 2006 Definitions or the 2021 Definitions (the “June 2022 USD Standalone Fallbacks Amendment”) do?

The June 2022 USD Standalone Fallbacks Amendment enables parties to bilaterally include new triggers and fallbacks for the USD LIBOR ISRs in certain of their legacy Swap Transactions (i) that incorporate the 2021 Definitions or the 2006 Definitions and were entered into before November 10, 2021, and (ii) that incorporate the 2000 Definitions and were entered into at any time.

In respect of transactions incorporating the 2000 Definitions, the June 2022 USD Standalone Fallbacks Amendment (1) updates the ‘USD-ISDA-Swap Rate’ Rate Option to the version set out in Supplement 88 to the 2006 Definitions which incorporates the new triggers and fallbacks for the USD LIBOR ISR, with changes as necessary to reflect the other provisions of the 2000 Definitions, and (2) updates the Settlement Rate provisions in Sections 12 and 17 of the 2000 Definitions to reflect substantively the new triggers and fallbacks set out for the Settlement Rate provisions in Supplement 88 to the 2006 Definitions, adapted to reflect the original Settlement Rate provisions in the 2000 Definitions.

See Question 5 (*What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?*) above for more information on the new fallbacks. See also Question 9 (*Annex B to the GBP Standalone Fallbacks Amendment and Annex D to the June 2022 USD Standalone Fallbacks Amendment contain*

language which is slightly different to the equivalent language included in the GBP Fallbacks Supplement and the JPY and USD Fallbacks Supplement. Why is this the case?) below for further information on the amendments to the settlement rate provisions for legacy Swap Transactions.

(f) What does the Template Form of Amendment for adoption of GBP LIBOR ICE Swap Rate, USD LIBOR ICE Swap Rate and JPY LIBOR Tokyo Swap Rate Fallback Provisions in Confirmations for legacy transactions incorporating either the 2006 Definitions or the 2021 Definitions (the “Combined GBP/USD/JPY Fallbacks Amendment”) do?

The Combined GBP/USD/JPY Fallbacks Amendment also enables parties to bilaterally include new triggers and fallbacks for the ISRs in certain of their legacy Transactions that were entered into before August 6, 2021 in respect of GBP LIBOR ISR Transactions and before November 10, 2021 in respect of USD LIBOR ISR Transactions. The Combined GBP/USD/JPY Fallbacks Amendment also allows parties to bilaterally include new triggers and fallbacks for the JPY LIBOR Tokyo Swap Rates in certain of their legacy Transactions that were entered into before November 10, 2021. For further information on the new triggers and fallbacks for the JPY LIBOR Tokyo Swap Rates published by ISDA, see the FAQs on ‘Fallbacks for JPY LIBOR Tokyo Swap Rate’ published by ISDA [here](#).

(g) What documents are in scope of the GBP Fallbacks Supplement, the JPY and USD Fallbacks Supplement, the GBP Standalone Fallbacks Amendment, the June 2022 USD Standalone Fallbacks Amendment and the Combined GBP/JPY/USD Fallbacks Amendment?

All new derivative contracts that:

- (i) incorporate the 2006 Definitions and are entered into on or after the date of publication of the GBP Fallbacks Supplement, August 6, 2021, will incorporate the 2006 Definitions as amended and supplemented by the GBP Fallbacks Supplement;
- (ii) incorporate the 2006 Definitions and are entered into on or after the date of publication of the JPY and USD Fallbacks Supplement, November 10, 2021, will incorporate the 2006 Definitions as amended and supplemented by the JPY and USD Fallbacks Supplement;
- (iii) incorporate the 2021 Definitions and are entered into on or after the date of publication of Version 2.0 of the 2021 Definitions, September 30, 2021 will incorporate the GBP ISR Fallback Provisions; and
- (iv) incorporate the 2021 Definitions and are entered into on or after the date of publication of Version 3.0 of the 2021 Definitions, November 10, 2021 will incorporate the USD ISR Fallback Provisions.

The GBP Standalone Fallbacks Amendment, the June 2022 USD Standalone Fallbacks Amendment and the Combined GBP/JPY/USD Fallbacks Amendment (the “**Fallbacks Amendment Agreements**”) will apply to ‘Amendment Covered Documents’ entered into by the parties to the Fallbacks Amendment Agreements. ‘Amendment Covered Documents’

is defined in the Fallbacks Amendment Agreements and includes Confirmations that incorporate the 2006 Definitions and that were entered into before the date of publication of (i) the GBP Fallbacks Supplement, August 6, 2021, in respect of the GBP LIBOR ISRs, (ii) the JPY and USD Fallbacks Supplement, November 10, 2021, in respect of the USD LIBOR ISRs, (iii) Version 2.0 of the 2021 Definitions, September 30, 2021, in respect of the GBP LIBOR ISRs and (iv) Version 3.0 of the 2021 Definitions, November 10, 2021, in respect of the USD LIBOR ISRs, unless the parties have expressly stated or otherwise agreed in writing that the GBP ISR Fallback Provisions or the USD ISR Fallback Provisions included in the Fallbacks Amendment Agreements shall not apply in respect of any such Confirmation. Such Confirmations are all ‘Amendment Covered Documents’ to the extent that they reference the relevant GBP LIBOR ISR or USD LIBOR ISR Rate Option/Floating Rate Option or use the relevant Settlement Rate provisions (i.e. a confirmation of a Swaption or one that applies ‘Optional Early Termination’ or ‘Mandatory Early Termination’).

In addition, the June 2022 USD Standalone Fallbacks Amendment covers confirmations that include generic references to the USD LIBOR ISRs (i.e. a reference to the USD LIBOR ISR that is not a direct reference to the relevant Rate Option/Floating Rate Option) and whether or not that confirmation incorporates the relevant covered set of ISDA Definitions, to apply the triggers and fallbacks to those generic references.

The June 2022 USD Standalone Fallbacks Amendment also includes Confirmations that incorporate the 2000 Definitions and that are entered into at any time in the definition of ‘Amendment Covered Documents’.

The GBP Standalone Fallbacks Amendment, the June 2022 USD Standalone Fallbacks Amendment and the Combined GBP/JPY/USD Fallbacks Amendment all cover the Confirmations described in the previous two paragraphs to the extent that they are entered into under an ISDA Master Agreement. In the June 2022 USD Standalone Fallbacks Amendment, parties have the option to extend this to capture such confirmations that are entered into under another type of master agreement.

Please see Question 9 (*Annex B to the GBP Standalone Fallbacks Amendment and Annex D to the June 2022 USD Standalone Fallbacks Amendment contain language which is slightly different to the equivalent language included in the GBP Fallbacks Supplement and the JPY and USD Fallbacks Supplement. Why is this the case?*) below for information on why certain specific Confirmations are referred to in the Fallbacks Amendment Agreements.

7. When do the new contractual fallbacks for the GBP LIBOR ISRs apply?

The new contractual fallbacks for the GBP LIBOR ISRs (see Question 5 (*What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?*) above for further information on the new fallbacks) apply from the GBP LIBOR Index Cessation Effective Date with respect to the relevant GBP LIBOR tenor. The term ‘GBP LIBOR Index Cessation Effective Date’ is defined in the ISR Fallbacks Documentation as meaning the first date on which GBP LIBOR for the Applicable GBP Tenor would ordinarily have been provided and is either Non-Representative or no longer provided. A GBP LIBOR Index Cessation Effective Date with respect to 3-month and 6-

month GBP LIBOR occurred on the first London Banking Day on or after January 1, 2022, following the UK FCA's March 5, 2021 announcement, as mentioned in Question 3 (*Why are references to the ISRs in the 2000 Definitions, 2006 Definitions and 2021 Definitions being amended?*) above.

8. When do the new contractual fallbacks for the USD LIBOR ISRs apply?

The new contractual fallbacks for the USD LIBOR ISRs (see Question 5 (*What are the new contractual fallbacks for the ISRs set out in the ISR Fallbacks Documentation and how were they developed?*) above for further information on the new fallbacks) apply from the USD LIBOR Index Cessation Effective Date with respect to the relevant USD LIBOR tenor. The 'USD LIBOR Index Cessation Effective Date' is defined in the ISR Fallbacks Documentation as meaning the first date on which USD LIBOR for the Applicable USD Tenor, being 3-month, would ordinarily have been provided and is either Non-Representative or no longer provided. A USD LIBOR Index Cessation Effective Date with respect to 3-month USD LIBOR is expected to occur on the first London Banking day on or after June 30, 2023, pursuant to the UK FCA's March 5, 2021 announcement, as mentioned in Question 3 (*Why are references to the ISRs in the 2000 Definitions, 2006 Definitions and 2021 Definitions being amended?*) above.

If the USD LIBOR ISRs are unavailable before a USD LIBOR Index Cessation Effective Date occurs, the fallbacks based on the pre-Supplement number 88 fallbacks included in the 2006 Definitions as set out in Question 4 (*What are the contractual fallbacks for the ISRs in the 2000 Definitions, the 2006 Definitions pre-Supplement number 82 and pre-Supplement number 88 and the 2021 Definitions pre-Version 2.0 and pre-Version 3.0*) above will apply.

9. Annex B to the GBP Standalone Fallbacks Amendment and Annex D to the June 2022 USD Standalone Fallbacks Amendment contain language which is slightly different to the equivalent language included in the GBP Fallbacks Supplement and the JPY and USD Fallbacks Supplement. Why is this the case?

Annex B to the GBP Standalone Fallbacks Amendments and Annex D to the June 2022 USD Standalone Fallbacks Amendment sets out the amendments to the Settlement Rate Provisions (including Section 13.9 and Section 18.2(f) of the 2006 Definitions) for legacy derivative contracts that incorporate the 2006 Definitions. These Settlement Rate Provisions (including Section 13.9, Section 18.2(f) and related Sections of the 2006 Definitions) have been amended over time by a number of Supplements to the 2006 Definitions, including Supplement number 28, Supplement number 48, Supplement number 58, Supplement number 64 and Supplement number 66 to the 2006 Definitions. Legacy derivative contracts that incorporate the 2006 Definitions may therefore include different provisions with respect to the Settlement Rate depending on when they were entered into and which version of the 2006 Definitions applied. Annex B to the GBP Standalone Fallbacks Amendment and Annex D to the June 2022 USD Standalone Fallbacks Amendment allow for these different provisions to be amended, depending on which Supplement the relevant Amendment Covered Document incorporates.

In contrast, the GBP Fallbacks Supplement updates the 2006 Definitions as in place immediately before August 6, 2021, being the date on which the GBP Fallbacks Supplement was published (i.e. the latest version of the 2006 Definitions as amended by all Supplements to the 2006 Definitions published before the GBP Fallbacks Supplement). New transactions entered into after the publication of the GBP Fallbacks Supplement that incorporate the 2006 Definitions will include the terms of the 2006 Definitions as amended by the GBP Fallbacks Supplement. Similarly, the JPY and USD Fallbacks Supplement updates the 2006 Definitions as in place immediately before November 10, 2021, being the date on which the JPY and USD Fallbacks Supplement was published (i.e. the latest version of the 2006 Definitions as amended by all Supplements to the 2006 Definitions published before the JPY and USD Fallbacks Supplement). New transactions entered into after the publication of the GBP Fallbacks Supplement that incorporate the 2006 Definitions will include the terms of the 2006 Definitions as amended by the JPY and USD Fallbacks Supplement.

10. Why were fallbacks for the GBP LIBOR ISRs and the USD LIBOR ISRs implemented separately?

Whilst the SONIA ISR, as referred to in the fallbacks for the GBP LIBOR ISRs, has been published by IBA since December 14, 2020, IBA began to publish the SOFR swap rate, as referred to in the fallbacks for the USD LIBOR ISRs, from the later date of October 10, 2021. Therefore, in the interests of time and further to the IBA GBP LIBOR ISR Cessation Announcement, the fallbacks for the GBP LIBOR ISRs were published first.

11. Were similar amendments made to other swap rates which are not the ISRs (such as the JPY LIBOR Tokyo Swap Rates)?

ISDA has published new fallbacks for the JPY LIBOR Tokyo Swap Rates. Further details on these fallbacks are included in the FAQs on ‘Fallbacks for JPY LIBOR Tokyo Swap Rate’ published by ISDA [here](#).

12. Why do the IBOR Fallbacks Supplement and the ISDA 2020 IBOR Fallbacks Protocol not include the new fallbacks for the ISRs?

The IBOR Fallbacks Supplement updates certain IBOR Rate Options to include new fallbacks in new derivative contracts entered into on or after January 25, 2021. The ISDA 2020 IBOR Fallbacks Protocol similarly enables adhering parties to amend those IBOR Rate Options, or certain other references to those key IBORs, to include those new fallbacks in legacy derivative contracts. In each case, the amendments only apply to *IBORs* (including LIBOR). The ISRs are separate benchmarks to the IBORs (although they are based on LIBOR-linked transactions) and so they are not covered by the IBOR Fallbacks Supplement or the ISDA 2020 IBOR Fallbacks Protocol. See ISDA’s [Benchmark Hub website](#) for further information on fallbacks for IBOR derivatives.

13. Are novated transactions amended by the USD Standalone Fallbacks Amendments?

The USD Standalone Fallbacks Amendments amend all ‘Novated Transactions’ that are Amendment Covered Documents. Accordingly, in-scope Transactions that are entered into by the parties to a USD Standalone Fallbacks Amendment pursuant to a novation, whether

the novation date was before or after the date that the parties entered into that USD Standalone Fallbacks Amendment, will be amended in accordance with the terms of that USD Standalone Fallbacks Amendment.