

**Swaption outcomes with and without application of the terms of Supplement 70 to the 2006 ISDA Definitions and the Swap Rate Supplements to the 2006 ISDA Definitions**

Notes:

1. This matrix considers, at a high level, the outcomes for a Swaption depending on whether the terms of (i) Supplement 70 to the 2006 ISDA Definitions (the “**IBOR Fallbacks Supplement**”) and (ii) the Swap Rate Supplements (as defined below) to the 2006 ISDA Definitions apply to the Swap Transaction.
2. Supplement 82 to the 2006 ISDA Definitions (the “**GBP ISR Fallbacks Supplement**”) was published on 6 August 2021 and sets out new contractual fallbacks for the GBP LIBOR ICE Swap Rate published by ICE Benchmark Administration Limited (“**IBA**”) (the “**GBP LIBOR ISR**”) that will apply following an 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).
3. A further Supplement to the 2006 ISDA Definitions will be published and will set out fallbacks for the USD LIBOR ICE Swap Rate published by IBA (the “**USD LIBOR ISR**”) and the JPY LIBOR Tokyo Swap Rate published by Refinitiv Benchmark Services (UK) Limited (the “**JPY LIBOR TSR**”) in the same manner as the GBP ISR Fallbacks Supplement (the “**USD ISR/JPY TSR Fallbacks Supplement**” and, together with the GBP ISR Fallbacks Supplement, the “**Swap Rate Supplements**”).
4. This matrix addresses the following scenarios:
  - o *Scenario A*
    - The terms of the IBOR Fallbacks Supplement apply to the Underlying Swap Transaction because:
      - the Trade Date of the Swaption is on or after 25 January 2021 and the Swaption incorporates the 2006 ISDA Definitions; or
      - the parties have adhered to the ISDA 2020 IBOR Fallbacks Protocol (the “**IBOR Fallbacks Protocol**”) or otherwise bilaterally incorporated the terms of the IBOR Fallbacks Protocol and the relevant Swaption is a “Protocol Covered Document” for the purposes of the IBOR Fallbacks Protocol; and
    - The terms of the Relevant Swap Rate Supplement (as defined below) apply to the Underlying Swap Transaction because:
      - the Trade Date of the Swaption is on or after the publication date of the Relevant Swap Rate Supplement (as defined below) and the Swaption incorporates the 2006 ISDA Definitions; or
      - the parties have entered into one or more of the ISDA-published bilateral amendment agreements to amend their legacy Swaptions to include fallbacks in line with the terms of the Relevant Swap Rate Supplement(s) (the “**ISDA ISR/TSR Bilateral Amendment Agreements**”) or have otherwise bilaterally incorporated the terms of the Relevant Swap Rate Supplement(s) in a manner substantially similar to the applicable ISDA ISR/TSR Bilateral Amendment Agreement(s).
  - o *Scenario B*
    - The terms of the IBOR Fallbacks Supplement do not apply to the Underlying Swap Transaction because the Trade Date of the Swaption is prior to 25 January 2021 (even if the Swaption is exercised after such date) and the terms of the IBOR Fallbacks Supplement have not been applied to the Swaption whether pursuant to the terms of the IBOR Fallbacks Protocol or otherwise; and

- The terms of the Relevant Swap Rate Supplement do not apply to the Underlying Swap Transaction because the Trade Date of the Swaption is prior to the publication date of the Relevant Swap Rate Supplement (even if the Swaption is exercised after such date) and the terms of the Relevant Swap Rate Supplement have not been applied to the Swaption whether pursuant to the terms of an ISDA ISR/TSR Bilateral Amendment Agreement or otherwise.
  - *Scenario C*
    - The terms of the IBOR Fallbacks Supplement apply to the Underlying Swap Transaction because:
      - the Trade Date of the Swaption is on or after 25 January 2021 and the Swaption incorporates the 2006 ISDA Definitions; or
      - the parties have adhered to the IBOR Fallbacks Protocol or otherwise bilaterally incorporated the terms of the IBOR Fallbacks Protocol and the relevant Swaption is a “Protocol Covered Document” for the purposes of the IBOR Fallbacks Protocol; and
    - The terms of the Relevant Swap Rate Supplement do not apply to the Underlying Swap Transaction because the Trade Date of the Swaption is prior to the publication date of the Relevant Swap Rate Supplement (even if the Swaption is exercised after such date) and the terms of the Relevant Swap Rate Supplement have not been applied to the Swaption whether pursuant to the terms of an ISDA ISR/TSR Bilateral Amendment Agreement or otherwise.
5. As used herein:
- “**Relevant Swap Rate Supplement**” means, (i) if the Underlying Swap Transaction has a floating leg of GBP LIBOR, the GBP ISR Fallbacks Supplement, and (ii) if the Underlying Swap Transaction has a floating leg of either USD LIBOR or JPY LIBOR, the USD ISR/JPY ISR Fallbacks Supplement.
  - “**Relevant Swap Rate**” means, (i) if the Underlying Swap Transaction has a floating leg of GBP LIBOR, the GBP LIBOR ISR, (ii) if the Underlying Swap Transaction has a floating leg of USD LIBOR, the USD LIBOR ISR, and (iii) if the Underlying Swap Transaction has a floating leg of JPY LIBOR, the JPY LIBOR TSR.
6. This matrix only addresses Underlying Swap Transactions that reference a LIBOR Rate Option<sup>1</sup> and, in respect of the Settlement Rate, only address Underlying Swap Transactions that reference a Relevant Swap Rate as the Settlement Rate. For any other Settlement Rate (i.e. for CHF and EUR swaptions), the position both pre- and post- ICED (as defined below) is as set out in Appendix I under “Settlement Rate Fallbacks” – “EUR and other currency swaptions”.
7. This matrix should be read in conjunction with other materials published by ISDA on Swaptions on ISDA’s [Benchmark Reform and Transition from LIBOR – International Swaps and Derivatives Association \(isda.org\)](#). These include the [RFR Conventions and IBOR Fallbacks – Product Table](#), the [ISDA Guidance Note: Swaptions: ‘Agreed Discount Rate’ Supplement to the 2006 ISDA Definitions Published](#), the [Outline of \(I\) the Settlement of Certain Swaptions and \(II\) the Issues which arise from the Proposed Adjustment to Discounting by Certain Clearinghouses](#) and the [Table of Outcomes Before and After Supplement 64](#) (the latter three documents, the “**ISDA Swaptions Documents**”).
8. This matrix does not set out the basis on which the discount factors that are used to determine the present value of the Underlying Swap Transaction on cash settlement will be determined. Market participants are encouraged to read the ISDA Swaptions Documents for more detail on this.

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<sup>1</sup> This matrix does not consider SGD-SOR-VWAP and THB-THBFIX-Reuters, both of which are LIBOR Rate Options that use U.S. Dollar LIBOR as the Applicable Rate. “LIBOR Rate Options” as used in this matrix should be construed as excluding these two Floating Rate Options. LIBOR Rate Options is defined in the IBOR Fallbacks Supplement and means CHF LIBOR, GBP LIBOR, EUR LIBOR, JPY LIBOR and USD LIBOR.

9. If the parties have confirmed the terms of their transaction using an electronic confirmation provider, the terms of that provider should also be considered insofar as they relate to the Swaption.
10. This matrix has been prepared on the basis that the Swaption has been entered into on or after 23 March 2016, i.e. the concept of “Mutually Agreed Clearinghouse” (“**MAC**”) had been introduced by Supplement 48 to the 2006 ISDA Definitions prior to the entry into of the Swaption. Some outcomes would be the same as those set out in this matrix, irrespective of whether the Swaption was entered into before 23 March 2016, but it depends on the date on which swaptions were entered into and the relevant specifications. The ISDA Swaptions Documents provide additional information regarding swaptions entered into prior to the publication of Supplement 48.
11. The position for Collateralized Cash Price as regards the discount factors used to determine the net present value of the Underlying Swap Transaction depend on whether the Trade Date of the Swaption is on or after 30 March 2020 or has been amended to include the terms of Supplement 64 that contemplate an “Agreed Discount Rate” (“**ADR**”). The ISDA Swaptions Documents provide additional information regarding the discount factors that apply to swaptions that incorporate Supplement 48 and/or 58 but not Supplement 64, those that incorporate Supplement 64, as well as swaptions entered into prior to the publication of Supplement 48, which are not addressed in this matrix.
12. This matrix does not consider the outcome if parties re-negotiate and/or re-confirm the terms of the Underlying Swap Transaction in connection with the exercise of the Swaption. We note that in doing so, the parties may potentially include Supplement 70 and the Swap Rate Supplements in a Swaption that did not already include those supplements.
13. Any capitalised term used which is not defined in this matrix has the meaning given to it in the 2006 ISDA Definitions.
14. Any section references are to sections in the 2006 ISDA Definitions.

**Scenario A: The terms of the IBOR Fallbacks Supplement and the Relevant Swap Rate Supplement apply to the Swap Transaction**

Pre-Index Cessation Effective Date of the relevant LIBOR <sup>2</sup> (“ICED <sup>3</sup> ”)			Post-ICED		
On exercise – Cleared Physical Settlement (Section 15)	On exercise – Cash Settlement (Section 18)	On exercise – Physical Settlement <sup>4</sup> (Section 15)	On exercise – Cleared Physical Settlement (Section 15)	On exercise – Cash Settlement (Section 18)	On exercise – Physical Settlement <sup>5</sup> (Section 15)
Swap Transaction has floating leg referencing the Floating Rate Option as amended by Supplement 70, i.e. with the new fallbacks. Buyer of the Swaption has the right to cause the Underlying Swap Transaction to become effective and to be cleared through the MAC or if a MAC is not specified in the Confirmation, a clearinghouse (“CCP”) agreed by both parties at the time of exercise that accepts cash	The Cash Settlement Amount will be calculated using the Cash Settlement Method specified in the ISDA Settlement Matrix (unless otherwise specified in the related Confirmation). The outcome of applying any of the Cash Settlement Methods specified for the various LIBOR currencies in the ISDA Settlement Matrix <sup>8</sup> would not depend on the incorporation of Supplement 70 because Supplement 70 does not	Swap Transaction has floating leg referencing the Floating Rate Option as amended by Supplement 70, i.e. with the new fallbacks. At the time of exercise, the relevant LIBOR will continue to apply.	Swap Transaction has floating leg referencing the Floating Rate Option as amended by Supplement 70, i.e. with the new fallbacks. At the time of exercise, the Applicable Fallback Rate will apply. See column “On exercise – Cleared Physical Settlement – Pre-ICED” on the left for more details on the Buyer’s right for the Underlying Swap Transaction to be cleared.	The Cash Settlement Amount will be calculated using the Cash Settlement Method specified in the ISDA Settlement Matrix <sup>9</sup> (unless otherwise specified in the related Confirmation). The Settlement Rate which is applied in certain Cash Settlement Methods to calculate the Cash Settlement Amount may cease to be published following an ICED. If an ICED has occurred with respect to the applicable LIBOR	Swap Transaction has floating leg referencing the Floating Rate Option as amended by Supplement 70, i.e. with the new fallbacks. At the time of exercise, the Applicable Fallback Rate will apply.

<sup>2</sup> In respect of a Relevant Swap Rate, the ‘relevant LIBOR’ is LIBOR in the same currency as the Swaption and in the tenor which applies as the floating leg of the swap for which the Relevant Swap Rate is the fixed leg.

<sup>3</sup> References to ICED in this matrix refer to an Index Cessation Effective Date with respect to the applicable LIBOR tenor (i.e. the tenor that is used in transactions and other data points used to calculate the LIBOR ISR for the applicable currency), and not an Index Cessation Effective Date with respect to the swap rate itself.

<sup>4</sup> Where the settlement method is ‘Physical Settlement’ (as opposed to ‘Cleared Physical Settlement’), the outcome is the same irrespective of incorporation or not of the Relevant Swap Rate Supplement.

<sup>5</sup> Where the settlement method is ‘Physical Settlement’ (as opposed to ‘Cleared Physical Settlement’), the outcome is the same irrespective of incorporation or not of the Relevant Swap Rate Supplement.

<sup>8</sup> This matrix only addresses the outcome for Swaptions referencing a LIBOR Rate Option (i.e. swaptions denominated in CHF, GBP, EUR, JPY and USD). The relevant Cash Settlement Methods for these currencies as per the ISDA Settlement Matrix are: Zero Coupon Yield – Adjusted, Par Yield Curve – Unadjusted and Collateralized Cash Price (see Section 18.3 for more detail on the Cash Settlement Methods). None of these currencies use Cash Price as the default Cash Settlement Method in the ISDA Settlement Matrix. Note that if the relevant Cash Settlement Method is Cash Price, the incorporation/non-incorporation of Supplement 70 could have an impact on the Cash Settlement Amount.

<sup>9</sup> See footnote immediately above.

<p>denominated in the same currency as the Relevant Swap Transaction as eligible collateral for margining purposes (Section 15.2(a)).<sup>6</sup></p> <p>Some CCPs have indicated their intention to convert cleared LIBOR based swaps to RFR based swaps prior to the relevant ICED for each LIBOR (such date, a “<b>Conversion Date</b>”).<sup>7</sup></p> <p>If the exercise date is prior to an ICED but after a Conversion Date, the terms of the relevant CCP rules would apply to the Relevant Swap Transaction. Certain CCPs are proposing to update their rules to accept LIBOR based swaps for clearing after the Conversion Date but will convert them to RFR based swaps as part of their acceptance for clearing. As an example, see Appendix II for further information on LCH’s approach to this issue. In respect of the</p>	<p>implement fallbacks for the Relevant Swap Rates (or any other swap rate that could apply as the Settlement Rate). Pre-ICED if a Relevant Swap Rate is not published (including on a permanent cessation of the Relevant Swap Rate), the outcome does not depend on the incorporation of the Relevant Swap Rate Supplement either. The fallback will be to Cash Settlement Reference Bank quotes for that Relevant Swap Rate, failing which, the Calculation Agent will determine the Relevant Swap Rate. See Appendix I for further detail.</p>		<p>Some CCPs have indicated their intention to convert LIBOR based swaps to RFR based swaps on the Conversion Date.</p> <p>Certain CCPs are also proposing to update their rules to accept LIBOR based swaps for clearing after the Conversion Date (and even after the relevant ICED) but will convert them to RFR based swaps as part of their acceptance for clearing. As an example, see Appendix II for further information on LCH’s approach to this issue. In respect of the other CCPs, Market participants should verify this with the relevant CCP.</p> <p>If the Relevant Swap Transaction fails to clear, the MAC does not accept swaps with those terms for clearing or the parties have not specified a MAC and cannot agree on a CCP at the time of exercise (Sections 15.2(c), (d) or (e)), Cash</p>	<p>tenor in the relevant currency, the fallbacks will be to a published fallback rate based on the applicable RFR-based swap rate, failing which, a specified formula used by the Calculation Agent to calculate the fallback swap rate using the RFR-based swap rate. See Appendix I for further detail.</p>	
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<sup>6</sup> This is the position as set out under Supplement 64 to the 2006 ISDA Definitions. The position under Supplements 48 and 58 is not identical to that set out under Supplement 64.

<sup>7</sup> See: [Supplementary Statement on LCH’s Solution for Outstanding Cleared LIBOR® Contracts | LCH Group](#); and [CME IBOR Conversion Proposal for Cleared Swaps \(cmegroup.com\)](#).

<p>other CCPs, market participants should verify this with the relevant CCP.</p> <p>If the Swap Transaction fails to clear, the MAC does not accept swaps with those terms for clearing or the parties have not specified a MAC and cannot agree on a CCP at the time of exercise (Sections 15.2(c), (d) or (e)), Cash Settlement will apply to the Swaption and the Cash Settlement Amount will be calculated by using Collateralized Cash Price (see column “On exercise – Cash Settlement – Pre-ICED” on the right).</p>			<p>Settlement will apply to the Swaption and the Cash Settlement Amount will be calculated by using Collateralized Cash Price (see column “On exercise – Cash Settlement – Post-ICED” on the right).</p>		
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**Scenario B: The terms of the IBOR Fallbacks Supplement and the Relevant Swap Rate Supplement do not apply to the Swap Transaction**

Pre-ICED			Post-ICED		
On exercise – Cleared Physical Settlement (Section 15)	On exercise – Cash Settlement (Section 18)	On exercise – Physical Settlement <sup>10</sup> (Section 15)	On exercise – Cleared Physical Settlement (Section 15)	On exercise – Cash Settlement (Section 18)	On exercise – Physical Settlement <sup>11</sup> (Section 15)
<p>Some CCPs will convert LIBOR swaps to an RFR based swap on the relevant Conversion Date.</p> <p>After the relevant Conversion Date, certain CCPs may accept swaps for clearing provided that the IBOR Fallbacks Supplement (or another set of BMR compliant fallbacks) applies. As an example, see Appendix II for LCH’s approach to this issue. In respect of the other CCPs, market participants should confirm the position with the relevant clearing house.</p> <p>If the Swap Transaction fails to clear, (including because the MAC no</p>	<p>The outcome of applying any of the Cash Settlement Methods<sup>12</sup> specified for the various LIBOR currencies in the ISDA Settlement Matrix would not depend on the incorporation of Supplement 70 because Supplement 70 does not implement fallbacks for the Relevant Swap Rates (or any other swap rates that could apply as the Settlement Rate).</p> <p>Pre-ICED if a Relevant Swap Rate is not published (including on a permanent cessation of the Relevant Swap Rate), the outcome does not depend on the incorporation of the Relevant Swap Rate</p>	<p>Swap Transaction has floating leg referencing the Floating Rate Option without updated fallbacks dealing with a permanent cessation or non-representativeness. At the time of exercise, the relevant LIBOR will continue to apply.</p>	<p>We understand that some CCPs will convert swaps to an RFR based swap on the relevant Conversion Date.</p> <p>After the relevant Conversion Date, certain clearinghouses may accept swaps for clearing provided that the IBOR Fallbacks Supplement (or another set of BMR compliant fallbacks) applies. As an example, see Appendix II for LCH’s approach to this issue. We would suggest confirming the position with the relevant CCP.</p> <p>If the swaption is unable to be cleared (including because the MAC no longer accepts for</p>	<p>The Cash Settlement Amount will be calculated using the Cash Settlement Method<sup>13</sup> specified in the ISDA Settlement Matrix (unless otherwise specified in the related Confirmation).</p> <p>The Settlement Rate which is applied in certain Cash Settlement Methods to calculate the Cash Settlement Amount may cease to be published following an ICED. In this case there is a fallback to Reference Bank quotations for the Relevant Swap Rate and, failing which, to determination by the Calculation Agent of the Settlement Rate. See</p>	<p>Swap Transaction has floating leg referencing the Floating Rate Option without updated fallbacks dealing with a permanent cessation or non-representativeness. At the time of exercise, if the relevant IBOR has ceased or is otherwise not published, the pre-Supplement 70 fallbacks for the relevant Floating Rate Option will apply.</p>

<sup>10</sup> Where the settlement method is ‘Physical Settlement’ (as opposed to ‘Cleared Physical Settlement’), the outcome is the same irrespective of incorporation or not of the Relevant Swap Rate Supplement.

<sup>11</sup> Where the settlement method is ‘Physical Settlement’ (as opposed to ‘Cleared Physical Settlement’), the outcome is the same irrespective of incorporation or not of the Relevant Swap Rate Supplement.

<sup>12</sup> This matrix only addresses the outcome for Swaptions referencing a LIBOR Rate Option (i.e. swaptions denominated in CHF, GBP, EUR, JPY and USD). None of these currencies use Cash Price as the default Cash Settlement Method in the ISDA Settlement Matrix. Note that if the relevant Cash Settlement Method is Cash Price, the incorporation/non-incorporation of Supplement 70 could have an impact on the Cash Settlement Amount.

<sup>13</sup> See footnote immediately above.

<p>longer accepts for clearing Transactions referencing a LIBOR which do not incorporate Supplement 70), Cash Settlement will apply to the Swaption and the Cash Settlement Amount will be calculated by using Collateralized Cash Price (see column “On exercise – Cash Settlement – Pre-ICED” on the right).</p>	<p>Supplement either. The fallback will be to Cash Settlement Reference Bank quotes for that Relevant Swap Rate, failing which, the Calculation Agent will determine the Relevant Swap Rate. See Appendix I for further detail.</p>		<p>clearing Transactions referencing a LIBOR which do not incorporate Supplement 70), Cash Settlement will apply to the Swaption and the Cash Settlement Amount will be calculated by using Collateralized Cash Price (see column “On exercise – Cash Settlement – Post-ICED” on the right).</p>	<p>Appendix I for further detail.</p>	
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**Scenario C: The terms of the IBOR Fallbacks Supplement apply to the Swap Transaction but the terms of the Swap Rate Supplements do not apply to the Swap Transaction**

Pre-ICED			Post-ICED		
On exercise – Cleared Physical Settlement (Section 15)	On exercise – Cash Settlement (Section 18)	On exercise – Physical Settlement <sup>14</sup> (Section 15)	On exercise – Cleared Physical Settlement (Section 15)	On exercise – Cash Settlement (Section 18)	On exercise – Physical Settlement <sup>15</sup> (Section 15)
See table for Scenario A above, column “On exercise – Cleared Physical Settlement – Pre-ICED”.	See table for Scenario B above, column “On exercise – Cash Settlement – Pre-ICED”.	Swap Transaction has floating leg referencing the Floating Rate Option with updated fallbacks dealing with a permanent cessation or non-representativeness. At the time of exercise, the relevant LIBOR will continue to apply.	See table for Scenario A above, column “On exercise – Cleared Physical Settlement – Post-ICED”.	See table for Scenario B above, column “On exercise – Cash Settlement – Post-ICED”.	Swap Transaction has floating leg referencing the Floating Rate Option with updated fallbacks dealing with a permanent cessation or non-representativeness. At the time of exercise, if the relevant IBOR has ceased or is otherwise not published, the Applicable Fallback Rate will apply.

<sup>14</sup> Where the settlement method is ‘Physical Settlement’ (as opposed to ‘Cleared Physical Settlement’), the outcome is the same irrespective of incorporation or not of the Relevant Swap Rate Supplement.

<sup>15</sup> Where the settlement method is ‘Physical Settlement’ (as opposed to ‘Cleared Physical Settlement’), the outcome is the same irrespective of incorporation or not of the Relevant Swap Rate Supplement.

## Appendix I: Non-availability of Settlement Rate

### 1. Cash Settlement Methods

Par-Yield Curve-Unadjusted, Zero Coupon Yield – Adjusted and Collateralized Cash Price are all Cash Settlement Methods that require a Settlement Rate (i.e. the prevailing swap rate) as part of the calculation of the Cash Settlement Amount.

**Collateralized Cash Price:** This is commonly used as the Cash Settlement Method for swaptions. This is the current cash settlement method for EUR and USD swaptions as per the ISDA Settlement Matrix (although older legacy EUR swaptions may apply Par Yield Curve – Unadjusted) and is also used in circumstances where the Underlying Swap Transaction fails to clear (Sections 15.2 and 18.3(g)).

Collateralized Cash Price is calculated as the present value of an annuity equal to the difference between: (a) the amounts that would be payable by the Fixed Rate Payer pursuant to the Underlying Swap Transaction if the Fixed Rate were the “Settlement Rate”; and (b) the amounts payable by the Fixed Rate Payer pursuant to the Underlying Swap Transaction as set out in the swaption confirmation (Section 18.3(g)).

**Par-Yield Curve-Unadjusted:** This is the current standard Cash Settlement Method for GBP LIBOR Swaptions under the ISDA Settlement Matrix. Par-Yield Curve-Unadjusted is calculated in a similar way to Collateralized Cash Price and consequently the Settlement Rate is also relevant to calculating Par Yield Curve – Unadjusted.

**Zero Coupon Yield – Adjusted:** is the current standard Cash Settlement Method for JPY LIBOR Swaptions under the ISDA Settlement Matrix. Zero Coupon Yield – Adjusted is calculated in a similar way to Collateralized Cash Price and consequently the Settlement Rate is also relevant to calculating Zero Coupon Yield – Adjusted.

### 2. Settlement Rate

For EUR, USD and GBP transactions, the Settlement Rate (as per the ISDA Collateral Cash Price Matrix for EUR and USD transactions or the ISDA Settlement Matrix for GBP transactions) will be the rate that appears on the relevant ICESWAP screen page designated for the purposes of displaying par swap rates for swaps in the currency in which the underlying swap is denominated for a period equivalent to the remaining term of the underlying swap and with a floating leg equal to the floating leg of the swap underlying the swaption (Section 18.2(f)).

The Settlement Rate for JPY transactions (as per the ISDA Collateral Cash Price Matrix if Collateralized Cash Price is the Cash Settlement Method, or the ISDA Settlement Matrix) will be the rate that appears on the Reuters Screen 17143 Page, which is the Tokyo Swap Rate (for swaps with a JPY LIBOR floating leg).

### 3. Settlement Rate Fallbacks

The fallbacks to the Settlement Rate for each of the Cash Settlement Methods referred to above are the same but differ depending on the currency (i.e. the swap rate) of the swaption (this difference is due to the publication/future publication of the Swap Rate Supplements providing for updated fallbacks for the GBP LIBOR ISR, USD LIBOR ISR and JPY LIBOR TSR).

#### A. EUR and CHF swaptions:

##### Pre-ICED and post-ICED:

If the EUR ICESWAP rate or the swap rate specified in the Confirmation as the Settlement Rate (for CHF Swaptions) is not published or is no longer available for the relevant currency/tenor then the Settlement Rate will be determined on the basis of quotations from Cash Settlement Reference Banks for the relevant swap rate. The

Cash Settlement Reference Banks are directed to provide quotations for the swap rate for the relevant swap and accordingly, if the terms of Supplement 70 apply, have the ability to quote for the rate for a swap that has fallen back to (or will/may at a future date fall back to) the compounded RFR in the same currency plus spread. If fewer than three quotations are provided, the Settlement Rate will be determined by the Calculation Agent.

**B. GBP, USD and JPY Swaptions:**

**(i) Pre-ICED:**

The position is as set out under “EUR and CHF swaptions – Pre-ICED and post-ICED” above.

**(ii) Post-ICED**

**a. Relevant Swap Rate Supplement applies<sup>16</sup>:**

After an ICED occurs with respect to the relevant underlying LIBOR rate tenor, there is a fallback to a published fallback rate based on the applicable RFR-based swap rate (i.e. the SONIA swap rate, the SOFR swap rate or the TONA swap rate, as applicable). If there is no published fallback rate, the Calculation Agent uses a specified formula to calculate the fallback swap rate using the same RFR-based swap rate (i.e. the adjusted SONIA swap rate, the adjusted SOFR swap rate or the adjusted TONA swap rate). If the RFR-based swap rate is not available as an input to the formula to calculate the fallback swap rate, the Calculation Agent will determine the replacement rate for such RFR-based swap rate. Note that where an ICED occurs with respect to the Relevant Swap Rate itself, the outcome is as per the position “Pre-ICED” above.

**b. Relevant Swap Rate Supplement does not apply:** The position is as described under pre-ICED above.

**4. ISDA documentation**

ISDA has published fallbacks to the GBP LIBOR ISR (as the Settlement Rate) in Supplement 82 to the 2006 Definitions and is currently working on a Supplement to introduce fallbacks for the USD LIBOR ISR and the JPY LIBOR TSR.

The fallbacks for the USD LIBOR ISR (as the Settlement Rate) will be finalised once ICE Benchmark Administration (“**IBA**”) starts publishing the final version of the SOFR ICE Swap Rate. IBA is currently publishing a beta version of the SOFR ICE Swap Rate. The fallbacks are expected to be finalised by mid-November.

The fallbacks for the JPY LIBOR TSR (as the Settlement Rate) are expected to be finalised by mid-November. Refinitiv started publishing the TONA Tokyo Swap Rate at the end of October.

Once the fallbacks referred to above are finalised and if they apply to a particular transaction, it should be possible to determine a Settlement Rate after an ICED for GBP LIBOR, USD LIBOR or JPY LIBOR in accordance with the methodology set out in the fallbacks. If these fallbacks do not apply to a transaction, the Settlement Rate will be determined as per the pre-Relevant Swap Rate Supplement position (see “Pre-ICED” paragraph above).

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<sup>16</sup> This also necessarily assumes that the USD ISR/JPY TSR Fallbacks Supplement has been published. As at the date of this updated matrix, this Supplement has not yet been published.

## Appendix II: Approaches to Cleared Physical Settlement

### LCH

On 21<sup>st</sup> September 2021 LCH released a statement ([Statement on LCH's Position in respect of LIBOR® Contracts denominated in CHF, EUR, GBP and JPY and submitted for registration at LCH subsequent to the completion of LCH's Conversion Processes | LCH Group](#)) stating that it will accept for clearing (on a time limited basis until 31 December 2024) legacy swaps referencing CHF, EUR, GBP and JPY LIBOR (an “**In-Scope LIBOR**”) submitted after the relevant LCH Conversion Date where, notwithstanding the fact that those swaps reference an In-Scope LIBOR floating rate option, such swaps do not rely on a non-representative LIBOR for their contractual performance, and LCH will convert any such legacy contracts into an RFR-based contract, in a similar way that it would have been converted if it was subject to the LCH conversion process, with the exception that, for such legacy contracts submitted after the relevant LCH Conversion Date, LCH would not preserve the LIBOR fixings for the remainder of the Calculation Period for any trades which could otherwise make use of a representative LIBOR. This is in contrast to the approach taken by LCH for legacy contracts which already fall within LCH’s service at the time of the relevant LCH Conversion Date (i.e. those legacy contracts that are converted on the relevant LCH Conversion Date), in respect of which LCH will pay a LIBOR-based coupon so long as the relevant LIBOR setting is representative. However, note that each party will be required to represent that the transaction submitted for clearing is compliant with the Benchmark Regulations, for example through adherence to the ISDA IBOR Fallbacks Protocol. Legacy swaps for this purpose will include In-Scope LIBOR swaptions entered into prior to 1 January 2022 *provided that*, if the underlying swap is submitted for clearing post-31 December 2021, the swaption was entered into prior to the date of LCH’s announcement (i.e. prior to 21 September 2021).