

Bloomberg Begins Publishing Calculations Related to IBOR Fallbacks

New York, NY, July 21, 2020 -- Bloomberg and the International Swaps and Derivatives Association, Inc. (ISDA) today announced that Bloomberg Index Services Limited (BISL) has begun calculating and publishing fallbacks that ISDA intends to implement for certain key interbank offered rates (IBORs).

ISDA will soon publish amendments to its standard interest rate derivatives definitions to incorporate these new fallbacks, which are adjusted versions of various risk-free rates (RFRs). RFRs, which are overnight rates without a credit component, are inherently different from IBORs, which have term structures and credit sensitive elements. Accordingly, ISDA is implementing adjusted versions of the RFRs to serve as IBOR fallbacks based on feedback received from several market consultations regarding these differences. In July 2019, [ISDA announced](#) that Bloomberg had been selected to calculate and publish these adjusted RFRs as fallbacks following an in-depth selection process. The contractual changes to embed the fallbacks are due to take effect in ISDA's derivatives documentation at the end of the year.

Calculations published by BISL include the adjusted RFR (compounded in arrears), the spread adjustment and the 'all in' IBOR fallback rates for the following IBORs across various tenors: the Australian dollar Bank Bill Swap Rate (BBSW), the Canadian Dollar Offered Rate (CDOR), Swiss franc LIBOR, EURIBOR, euro LIBOR, sterling LIBOR, HIBOR, euroyen TIBOR, yen LIBOR, TIBOR and US dollar LIBOR.

"The introduction of robust new fallbacks for derivatives contracts will significantly reduce the systemic risk posed by a permanent cessation of a key IBOR. Publishing indicative spread adjustments and all-in fallback rates now will help firms as they prepare to implement the new fallback methodology," said Scott O'Malia, ISDA's Chief Executive.

"We are pleased to partner with ISDA to support the markets through the calculation and distribution of IBOR fallbacks. This is an important move forward as we continue to help our clients with their IBOR transition efforts," said Umesh Gajria, Global Head of Index Linked Products at Bloomberg. "Our role as fallback adjustment provider enables us to deliver an important service, supported by our broad distribution channels and the strength of Bloomberg's index business as we remain focused on bringing transparency to the markets."

Bloomberg will make the adjusted RFRs, spread adjustments and all-in fallback rates broadly available to industry participants through various distribution channels, including the Bloomberg Terminal®, where the data will be displayed on FBAK <GO>, and other Bloomberg solutions including the desktop API and Bloomberg Data License. The real time data will also become available through authorized redistributors, and is publicly available on the Bloomberg [website](#) on a delayed basis.

While the fallbacks are not separate benchmarks from the RFRs for regulatory purposes, the calculations are being performed by BISL, which is authorized by the Financial Conduct Authority as a regulated UK benchmark administrator under the European Union Benchmarks Regulation. BISL has conducted index administration since 2014, including serving as the administrator of the Bloomberg Barclays fixed income indices.

Additional information about the methodology and implementation of IBOR fallback rate calculations can be found [on the ISDA website](#) and on ISDA <GO> via the Bloomberg Terminal.

A fact sheet on the new fallbacks is [available here](#).

About Bloomberg

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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 925 member institutions from 75 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. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).

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