

**INFORMATION IN THIS STATEMENT REMAINS SUBJECT TO FINAL DECISION
OF ISDA BOARD BENCHMARK COMMITTEE**

Preliminary Results of ISDA

***Supplemental Consultation on Spread and Term Adjustments for Fallbacks in Derivatives
Referencing USD LIBOR, CDOR and HIBOR and Certain Aspects of Fallbacks for
Derivatives Referencing SOR***

ISDA received feedback from 85 entities to the [Supplemental Consultation on Spread and Term Adjustments for Fallbacks in Derivatives Referencing USD LIBOR, CDOR and HIBOR and Certain Aspects of Fallbacks for Derivatives Referencing SOR](#). A variety of market participants, including banks, asset managers, pension funds, insurance companies, clearinghouses and government entities from a variety of jurisdictions submitted responses.

Consistent with last year's [Consultation on Certain Aspects of Fallbacks for Derivatives Referencing GBP LIBOR, CHF LIBOR, JPY LIBOR, TIBOR, Euroyen TIBOR and BBSW](#), the overwhelming majority of respondents preferred the “**compounded setting in arrears rate**” for the adjusted risk-free rate (RFR)¹ and the “**historical mean/median approach**” for the spread adjustment. Respondents cited both support for the substance of these approaches and a strong desire to use the same adjusted RFR and spread adjustment across all benchmarks covered by the supplemental consultation and last year's consultation (as well as potentially other benchmarks such as EUR LIBOR and EURIBOR, for which ISDA expects to launch a supplemental consultation at the end of 2019 or in early 2020).

Based on the foregoing and **subject to the ongoing work and ultimate decision of the ISDA Board Benchmark Committee**², ISDA expects to proceed with developing fallbacks for inclusion in its standard definitions based on the **compounded setting in arrears rate and the historical mean/median approach to the spread adjustment for USD LIBOR, CDOR and HIBOR**.

ISDA continues to analyze preliminary feedback to both the supplemental consultation and last year's consultation regarding the parameters for the historical mean/median approach to the spread adjustment (*e.g.*, the appropriate length of the look-back period, whether the calculation should be based on a mean or median and implications for various types of transactions) and suggestions from respondents about potential variations of that approach, in order to assess what additional feedback may be necessary.

¹ The fallback rates will be based on a version of the RFRs identified as alternatives for the relevant IBORs as part of global benchmark reform efforts.

² The ISDA Board Benchmark Committee is comprised of 16 ISDA board members from a diverse group of institutions, including dealers, buy side institutions and CCPs.

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In August 2019, ISDA hopes to publish an anonymized and aggregated summary of the feedback received in response to the supplemental consultation, together with the ISDA Board Benchmark Committee's final decision on the approach to the adjusted RFR and spread adjustment to use for developing fallbacks for the covered benchmarks. At the same time, ISDA hopes to publish a consultation on the final parameters for the historical mean/median approach to the spread adjustment in order to solicit market-wide feedback on the open issues. That consultation will remain outstanding for at least a month.

ISDA continues to review and analyze responses to the question in the supplemental consultation regarding fallbacks for derivatives referencing SOR, and hopes to publish the results of that review and analysis in August 2019.

ISDA continues to review and analyze responses to the recent [*Consultation on Pre-Cessation Issues for LIBOR and Certain Other Interbank Offered Rates \(IBORs\)*](#).

ISDA will continue to seek advice from its independent advisors and feedback from government and regulatory agencies, and any decision or action by ISDA remains subject to the advice and feedback it receives from its advisors and government and regulatory agencies.

Please note that everything in this statement remains subject to the decision of the ISDA Board Benchmark Committee and nothing is final until publication of that decision.