



NEWS RELEASE  
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## **ISDA Launches Consultation on Fallbacks for Derivatives Referencing Euro LIBOR and EURIBOR**

**NEW YORK, December 18, 2019** – The International Swaps and Derivatives Association, Inc. (ISDA) has launched a [supplemental consultation](#) on the spread and term adjustments that would apply to fallbacks for derivatives referencing euro LIBOR and EURIBOR in the event those benchmarks are permanently discontinued. The consultation also covers technical issues related to the adjustment methodology, and seeks feedback on whether the adjustments would be appropriate for lesser-used interbank offered rates (IBORs) if ISDA implements fallbacks for those benchmarks in the future.

The latest publication follows three earlier consultations – [two setting out options](#) for the adjustments that will apply to the relevant risk-free rates (RFRs) if fallbacks are triggered for derivatives referencing nine IBORs, and one on the [final parameters for the adjustment methodology](#).

These adjustments reflect the fact that the IBORs are currently available in multiple tenors, but the RFRs identified as fallbacks are overnight rates. The IBORs also incorporate a bank credit risk premium and a variety of other factors (such as liquidity and fluctuations in supply and demand), while RFRs do not.

The new consultation is open until January 21, 2020.

ISDA will subsequently publish amendments to the 2006 Definitions to incorporate fallbacks for new trades referenced to the nine IBORs covered so far – sterling LIBOR, Swiss franc LIBOR, yen LIBOR, yen TIBOR, euroyen TIBOR, the Australian Bank Bill Swap Rate, US dollar LIBOR, Canada's CDOR and Hong Kong's HIBOR. A protocol will also be published to enable market participants to include fallbacks within legacy IBOR contracts if they choose to. Both will be published in the first quarter of 2020, and will take effect three months later.

If the feedback for euro LIBOR and EURIBOR is consistent with prior consultations, ISDA expects to implement these fallbacks at the same time.

The new consultation is [available here](#).

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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 71 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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