

ISDA Publishes 2018 Benchmarks Supplement Protocol

NEW YORK, December 10, 2018 – The International Swaps and Derivatives Association, Inc. (ISDA) has today published the ISDA 2018 Benchmarks Supplement Protocol, intended to help market participants incorporate the ISDA Benchmarks Supplement into their interest rate, FX, equity and commodity derivatives transactions.

The [ISDA Benchmarks Supplement](#) was published in September, and was primarily developed in response to requirements under the EU Benchmarks Regulation for certain contracts to reflect the actions parties will take if a referenced benchmark is materially changed or ceases to be provided.

By incorporating the ISDA Benchmarks Supplement into the terms of relevant transactions, market participants will be able to ensure these events are taken into account in their contracts and specify the fallback arrangements that would apply.

The ISDA Benchmarks Supplement covers a much broader range of benchmarks than ISDA's work to implement robust fallbacks to specific rates for certain interbank offered rates (IBORs), which is being undertaken at the request of the Financial Stability Board's Official Sector Steering Group. While two separate initiatives, the ISDA Benchmarks Supplement complements the [IBOR fallback work](#), as it enables firms to agree interim fallback arrangements should an IBOR cease to exist before the IBOR fallbacks are implemented. The IBOR fallbacks will take precedence for relevant IBORs once implemented following a cessation event.

The ISDA Benchmarks Supplement also sets out primary triggers and fallbacks if a benchmark (including an IBOR) does not qualify for use in a relevant jurisdiction or qualification is subsequently suspended or withdrawn.

By using the new ISDA 2018 Benchmarks Supplement Protocol, market participants will be able to incorporate the ISDA Benchmarks Supplement into their contracts quickly and efficiently. The protocol supports both a counterparty-by-counterparty and an all-counterparties approach, meaning parties are not obliged to incorporate the ISDA Benchmarks Supplement into transactions with all of their counterparties that adhere to the protocol unless they wish to do so.

Entities that adhere to the protocol are also able to choose whether the ISDA Benchmarks Supplement should only apply to new transactions under existing Master Agreements or whether they also want it to apply to existing transactions. Until both parties elect for it to apply to their legacy transactions, the protocol will only apply to new transactions.

The text of the ISDA 2018 Benchmarks Supplement Protocol is available on the [protocols section](#) of the ISDA website. Adherence to the protocol will be open to ISDA members and non-members from December 10, 2018.

To facilitate an efficient mechanism for the exchange of protocol elections, the protocol is available on ISDA Amend, a service jointly administered by ISDA and IHS Markit. Further information on ISDA Amend, including presentations, documentation and 24-hour customer support, is available on the [ISDA Amend website](#).

ISDA has also provided a number of supporting materials, including frequently asked questions on the protocol, a step-by-step guide to adhering, and a [webinar with IHS Markit and Linklaters LLP](#) that describes the main features of the protocol and the ISDA Amend system.

The ISDA 2018 Benchmarks Supplement Protocol was developed by an ISDA working group that includes dealers, asset managers, institutional investors, funds and end users. Linklaters LLP acted as drafting counsel.

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 900 member institutions from 70 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 @ISDA.

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