

S&P Dow Jones Indices' Consultation on Potential Replacement Rates for Key London Interbank Offered Rates – Results

NEW YORK, OCTOBER 12, 2021: S&P Dow Jones Indices (“S&P DJI”) has conducted a [consultation](#) with market participants on the impact resulting from the upcoming wind-down of London Interbank Offered Rates (“LIBOR”) utilized by major currencies around the globe. LIBOR is currently quoted as an annualized interest rate fixed for periods (i.e. Overnight/Spot, One Week, One Month, Two Months, Three Months, Six Months and 12 Months) for a range of currencies (USD, GBP, EUR, CHF, JPY).

The UK Financial Conduct Authority (“FCA”), which has supervisory authority over ICE Benchmark Administration, the administrator for LIBOR, [announced earlier in the year](#) that most “LIBOR settings will either cease to be provided by any administrator or no longer be representative” after the end of 2021, with the remaining U.S. Dollar settings ceasing after June 2023.

Since there have been no changes to the timelines proposed by the FCA, S&P DJI will replace the applicable LIBOR rates impacted by this wind-down in the following manner:

USD LIBOR

The One Week and Two-Month settings will cease after Friday, December 31, 2021 with the Overnight, One-Month, Three-Month, Six-Month, and 12-Month settings scheduled to cease after June 30, 2023. With this schedule in mind, S&P DJI will implement the following:

- No changes will be made to indices that utilize the Overnight, One-Month, Three-Month, Six-Month, or 12-Month USD LIBOR settings. The decision to replace these rate settings will be determined at a later date as the Secured Overnight Financing Rate (“SOFR”) markets continue to mature.
- Indices that utilize an interpolation calculation between the Two-Month and Three-Month USD LIBOR settings will instead utilize an interpolation calculation between the One-Month and Three-Month USD LIBOR settings.
- S&P DJI does not calculate or publish any indices that utilize the One-Week setting.

EUR LIBOR

All overnight and term settings will cease after Friday December 31, 2021. With this schedule in mind, S&P DJI will implement the following:

- Indices that utilize the EUR LIBOR overnight or Euro Overnight Index Average (“EONIA”) rates will instead utilize the Euro Short-Term Rate (“ESTR”).
- Indices that utilize either the One-Month, Three-Month, Six-Month, or 12-Month EUR LIBOR will instead utilize an equivalent term setting using the Euro Interbank Offered Rate (“EURIBOR”).
- Indices that utilize an interpolation calculation between the Two-Month and Three-Month EUR LIBOR settings will instead utilize an interpolation calculation between the One-Month and Three-Month EURIBOR settings.

JPY LIBOR

All overnight and term settings will cease after Friday December 31, 2021. With this schedule in mind, S&P DJI will implement the following:

- Indices that utilize the JPY LIBOR overnight rate will instead utilize the Tokyo Overnight Average Rate (“TONA”).
- Indices that utilize the One-Month, Three-Month, Six-Month, or 12-Month JPY LIBOR will instead utilize an equivalent term setting using the Tokyo Interbank Offered Rate (“TIBOR”).
- Indices that utilize an interpolation calculation between the Two-Month and Three-Month JPY LIBOR settings will instead utilize an interpolation calculation between the One-Month and Three-Month TIBOR settings.

GBP and CHF LIBOR

S&P DJI does not calculate or publish any indices impacted by the cessation of these rates.

For information on Interpolation Calculations, please refer to [S&P Dow Jones Indices' Index Mathematics Methodology](#).

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spdji.com.

REPLACEMENT INDICES

In addition to the previously described changes, S&P DJI will review client requests to launch new and separate versions of any of the impacted indices using alternative replacement rates.

IMPLEMENTATION TIMING

As noted in the [consultation](#) these changes become effective at various times throughout the remainder of the year. S&P DJI initially proposed that the transitions would commence starting with the October end-of-month rebalancings. However, no transitions will occur during October. Instead, S&P DJI is targeting the transitions to commence no earlier than after the market close on Friday, November 19, 2021. A list of impacted indices is available [here](#). Please note that this list will be updated, and transition dates included, in due course.

Please note that the applicable methodologies on S&P DJI's website will be updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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