

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

NEW YORK, DECEMBER 2, 2021: S&P Dow Jones Indices ("S&P DJI") has conducted a [consultation](#) with market participants on the impact resulting from the wind-down of USD London Interbank Offered Rates ("LIBOR").

This consultation specifically addressed the replacement of USD LIBOR rates based on the additional [guidance](#) issued on October 20, 2021 by the Federal Reserve. This updated guidance includes a clarification on the meaning of new LIBOR contracts with reference dates after December 31, 2021.

Please note that S&P DJI will continue to monitor the continued growth of the Secured Overnight Financing Rate ("SOFR") market, and alternative replacement rates for USD LIBOR may be considered in the future as they become available.

USD LIBOR SETTINGS – REPLACEMENT RATES

For the replacement of USD LIBOR rates in indices utilizing the overnight, one-month, three-month, and 12-month settings, S&P DJI will apply the following changes:

| USD LIBOR Setting | Replacement Rate |
|-------------------|---------------------------|
| Overnight | SOFR Overnight + 0.02963% |
| One-Month | SOFR Overnight + 0.05575% |
| Three-Month | SOFR Overnight + 0.13088% |
| 12-Month | SOFR Overnight + 0.24263% |

SOFR vs. Compounded SOFR. These replacement rates will be based off the current SOFR overnight rate plus a fixed spread. For the term settings, the fixed spread will be the median between LIBOR and SOFR for each respective setting using a one-year look back period ending on October 29, 2021.

This is a modification to the proposed rates in the consultation which employed a compounded SOFR rate. Upon further review, S&P DJI has determined that the use of a non-compounded calculation method is more representative of the current interest rates and reduces the complexity of the transition to these replacement rates.

INTERPOLATION RATE REPLACEMENT

S&P DJI will remove interpolation calculations in indices that utilize USD LIBOR settings (two- and three-month) and apply the SOFR overnight plus a fixed spread that is applicable to the three-month LIBOR setting. The table below summarizes the change.

| Previous Rate | Updated Rate |
|---------------------|----------------------------|
| 2M and 3M USD LIBOR | SOFR Overnight + 0.13088 % |

IMPLEMENTATION TIMING

S&P DJI will implement the transition of indices utilizing USD LIBOR to the replacement rates effective prior to the open on Monday, December 20, 2021, unless otherwise noted in the list of impacted indices available [here](#).

Please note the applicable methodologies on S&P DJI's website are being 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

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