

## **Announcement**

### **Result of Market Consultation | Accelerated Replacement of USD term LIBORs and the usage of the ISDA fallback spread adjustments in Solactive administered indices | 3 December 2021**

Today, on 3 December 2021, Solactive announces the results of its market consultation regarding the accelerated replacement of USD term LIBORs and the usage of the ISDA fallback spread adjustments in Solactive administered indices.

### **Result of Market Consultation**

Solactive has examined the responses provided by clients and stakeholders to its market consultation dated 10 November 2021 regarding the accelerated replacement of USD term LIBORs and the usage of the ISDA fallback spread adjustments in Solactive administered indices (Link: <https://www.solactive.com/market-consultation-on-the-accelerated-replacement-of-usd-term-libors-and-the-usage-of-the-isda-fallback-spread-adjustments-in-solactive-administered-indices/>), which ended on 19 November 2021. For a full list of Solactive administered indices impacted by this announcement (“Affected Indices”) please contact [RFR.Replacement@solactive.com](mailto:RFR.Replacement@solactive.com).

Solactive received overall positive feedback on the two proposals made in the market consultation dated 11 November 2021:

- Acceleration of the transition for indices referencing overnight, 1-month, 3-month, 6-month and 12-month USD LIBOR settings to the 1<sup>st</sup> of January 2022; and
- Usage of the ISDA fallback spread adjustments for overnight and term rates.

### **Treatment**

In order to take the feedback into account, Solactive will be adopting the measures described in the market consultation dated 10 November 2021 for the Affected Indices as of 1 January 2022.

This means specifically that

- Solactive will use the following replacement rates for overnight, 1-month, 3-month, 6-month and 12-month USD LIBOR tenors from 1 January 2022.

	USD	USD LIBOR tenors			
	LIBOR (overnight)	1 month	3 months	6 months	12 months
Replacement Risk Free Rate	SOFR (Secured Overnight Financing Rate)				
Administrator	FED Reserve Bank of New York				
Spread Adjustment	0.00644%	0.1148%	0.26161%	0.4286%	0.71513%

- In replacement of the spread adjustment originally announced on 24<sup>th</sup> of September 2021 on the treatment Solactive would follow for replacing the EONIA and LIBOR rates (<https://www.solactive.com/response-to-market-consultation-on-the-replacement-rates-for-eonia-and-libor-rates-in-solactive-administered-indices/>) (the ‘Replacement Rates Announcement’) Solactive will now use the following spread adjustments. Otherwise, the content of the Replacement Rates Announcement remains unchanged with regard to the replacement rates and the implementation timing mentioned therein.

Tenor	Spread adjustment		
	GBP	JPY	CHF
Overnight or Spot/Next	-0.0024%	-0.01839%	-0.0551%
1 month	0.0326%	-0.02923%	-0.0571%
3 months	0.1193%	0.00835%	0.0031%
6 months	0.2766%	0.05809%	0.0741%
12 months	0.4644%	0.16600%	0.2048%

## Exceptions

For a small number of Affected Indices, market participants and stakeholders expressed concerns with regards to the accelerated replacement of the USD LIBOR tenors. The concerns were based on the individual circumstances of the use of the Affected Indices and a consideration of the risks with regard to the creation of disadvantages for investors in financial instruments linked to the Affected Indices which outweigh the risks of continuing with current usage of the USD LIBOR tenors available after 1 January 2022.

For a list of Affected Indices for which the exceptions apply, market participants and stakeholders should email [RFR.Replacement@solactive.com](mailto:RFR.Replacement@solactive.com).

## Change[s] to the Index Guidelines

As this modification of calculation is wide ranging, Solactive will not immediately modify all index guidelines of Affected Indices to account for the replacement rates. As of the earliest rebalance or calculation date for the Affected Solactive indices after 1 January 2022 any references to the overnight, 1-month, 3-month, 6-month and 12-month USD LIBOR rates in the respective index guidelines of the Affected Indices will be construed and must be understood as references to the corresponding new replacement rate, and where applicable the respective spread adjustment.

Specific queries in case of any doubt should be sent at [RFR.Replacement@solactive.com](mailto:RFR.Replacement@solactive.com)