

## **“Plain English” Disclosures for New Derivatives Referencing LIBOR<sup>1</sup> and other IBORs,<sup>2</sup> approved by the CFTC’s Market Risk Advisory Committee**

### **1. For LIBOR Transactions:**

**It is uncertain whether LIBOR will continue to be produced and published after the end of 2021.** If LIBOR is discontinued during the term of this financial instrument, this instrument would reference an adjusted version of SOFR/SONIA/TONA/SARON/€STR<sup>3</sup>, a rate that is inherently different from LIBOR. As a result, payments would be calculated differently and you may be disadvantaged economically. LIBOR is a forward looking term rate that is meant to represent a bank’s cost of funding over various tenors, whereas SOFR/SONIA/TONA/SARON/€STR is an overnight nearly- risk free rate and the relevant adjustments will not perfectly account for these differences on an ongoing basis. Timing for any discontinuation of LIBOR may vary across different currencies and tenors in which LIBOR is currently produced and such timing may differ from the timing for any discontinuation of other interbank offered rates (IBORs). In addition, the discontinuation of LIBOR may result in a mismatch between the rate referenced in this financial instrument and your other financial instruments, including potentially those that are intended as hedges (even if the hedged instruments contain updated fallback provisions, unless those provisions are based on the fallbacks in the 2006 ISDA Definitions).

For more information on benchmark reform related to LIBOR and other IBORs, as well as information specific about the relevant rates, see

<https://www.isda.org/2019/09/10/supplement-to-the-plain-english-disclosures-for-derivatives-referencing-libor-and-other-ibors/>.

### **2. For Other IBOR Transactions:**

**While there is not currently an expectation that EURIBOR/TIBOR/Euroyen TIBOR/BBSW/HIBOR/CDOR will be discontinued, there is no guarantee that it will continue to be produced and published for the entire term of this financial instrument.** If EURIBOR/TIBOR/Euroyen TIBOR/BBSW/HIBOR/CDOR is discontinued during the term of this financial instrument, this instrument would reference an adjusted version of

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<sup>1</sup> As used herein, London Interbank Offer Rate (LIBOR) includes all five currencies (USD, GBP, JPY, CHF, and EUR).

<sup>2</sup> As used herein, the IBORs include LIBOR in all five currencies, EURIBOR, TIBOR, Euroyen TIBOR, BBSW, HIBOR and CDOR.

<sup>3</sup> Depending on the currency, USD, GBP, JPY, CHF, and EUR, respectively.

€STR/TONA/AONIA/HONIA/CORRA, a rate that is inherently different from EURIBOR/TIBOR/Euroyen TIBOR/BBSW/HIBOR/CDOR. As a result, payments would be calculated differently and you may be disadvantaged economically. EURIBOR/TIBOR/Euroyen TIBOR/BBSW/HIBOR/CDOR is a forward looking term rate that is meant to represent a bank's cost of funding over various tenors, whereas €STR/TONA/AONIA/HONIA/CORRA is an overnight nearly-risk free rate and the relevant adjustments will not perfectly account for these differences on an ongoing basis. Timing for any discontinuation of EURIBOR/TIBOR/Euroyen TIBOR/BBSW/HIBOR/CDOR may differ from the timing for any discontinuation of other interbank offered rates (IBORs) such as LIBOR. In addition, the discontinuation of EURIBOR/TIBOR/Euroyen TIBOR/BBSW/HIBOR/CDOR may result in a mismatch between the rate referenced in this financial instrument and your other financial instruments, including potentially those that are intended as hedges (even if the hedged instruments contain updated fallback provisions, unless those provisions are based on the fallbacks in the 2006 ISDA Definitions).

For more information on benchmark reform related to EURIBOR/TIBOR/Euroyen TIBOR/BBSW/HIBOR/CDOR, LIBOR and other IBORs, as well as specific information about the relevant rates, see <https://www.isda.org/2019/09/10/supplement-to-the-plain-english-disclosures-for-derivatives-referencing-libor-and-other-ibors/>.