ICE Benchmark Administration Provides Update Regarding LIBOR® Cessation and "Synthetic" LIBOR

5/31/2023

LONDON--(BUSINESS WIRE)-- Intercontinental Exchange, Inc. (NYSE:ICE), a leading global provider of data, technology, and market infrastructure, today announced that ICE Benchmark Administration Limited (IBA), the authorized and regulated administrator of LIBOR®, has provided an update regarding LIBOR cessation and “synthetic” LIBOR.

The UK’s Financial Conduct Authority (FCA) has issued its final messages prior to the end of the U.S. dollar LIBOR panel, and reminded market participants of its March 2021 announcement that publication of the Overnight and 12-Month U.S. dollar LIBOR settings will cease immediately following publication on June 30, 2023.

The FCA previously announced that it has decided to use its powers under the UK Benchmarks Regulation (UK BMR) to require IBA to continue the publication of the 1-, 3- and 6-Month U.S. dollar LIBOR settings using a changed “synthetic” methodology for a temporary period from July 3, 2023, and intends for these settings to cease immediately following publication on September 30, 2024.

The FCA has notified IBA that it has designated these three LIBOR settings as “Article 23A benchmarks” for the purposes of the UK BMR with effect from July 1, 2023, which it must do in order to enable it to require these methodology changes. The FCA has also noted that any settings published under a “synthetic” methodology will no longer be representative of the underlying market or economic reality the setting is intended to measure, as those terms are used in the BMR.

All new use of “synthetic” U.S. dollar LIBOR by UK supervised entities will be prohibited under the UK BMR, which the FCA notes will override the exemptions to the prohibition on the new use of U.S. dollar LIBOR imposed by the
FCA on January 1, 2022. The FCA has decided to permit the use of the 1-, 3- and 6-month “synthetic” U.S. dollar LIBOR settings by UK supervised entities in all legacy contracts, except for cleared derivatives.

The FCA has also published a feedback statement on its November 2022 Consultation on “synthetic” U.S. dollar LIBOR, and the modifications it proposes to make to the UK BMR as it will apply to 1-, 3- and 6-Month “synthetic” U.S. dollar LIBOR, having regard to the effects of its designation of these three settings as “Article 23A benchmarks” and the imposition of its proposed changes to the methodology for these settings.

IBA is also currently required by the FCA to continue to publish the 3-month “synthetic” sterling LIBOR setting, which the FCA expects to cease immediately following publication on March 28, 2024.

Except as set out above, all other LIBOR settings have ceased to be published.

Please ensure you take appropriate legal and regulatory advice in all relevant jurisdictions to ensure you understand and are prepared for the impact of the cessation or unrepresentativeness of any LIBOR settings on you and your counterparties under any applicable legislation or regulation, financial contracts, financial instruments, and other arrangements.

Please see IBA’s LIBOR webpage and the FCA’s LIBOR transition webpage for further information.

About ICE Benchmark Administration

ICE Benchmark Administration Limited is authorized and regulated by the Financial Conduct Authority for the regulated activity of administering a benchmark and is authorized as a benchmark administrator under the UK Benchmarks Regulation. LIBOR and ICE Benchmark Administration are registered trademarks of ICE Benchmark Administration Limited and/or its affiliates.

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registration. Together, we transform, streamline and automate industries to connect our customers to opportunity.

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