

August 13th 2021

Consultation on proposed amendments to the methodology of certain Credit Suisse International indices in connection with LIBOR discontinuation

LIBOR Replacement Consultation #1: LIBOR Futures Based Benchmarks

This document is addressed to relevant users and stakeholders and is published by Credit Suisse International (“**CSI**”) as the administrator of the CSI indices listed in Schedule 1 (the “**Benchmarks**”).

CSI, acting through its Benchmark Governance Committee, is consulting on its proposed amendments to the methodology of the Benchmarks in light of the upcoming discontinuation of London Inter-bank Offered Rates (“**LIBORs**”), as further described in “*Background to the Consultation*” below, given the methodology of the Benchmarks currently incorporates references to LIBOR (the “**Consultation**”).

The aim of this Consultation is to provide users and stakeholders with: (i) applicable background; (ii) clear information on the proposed amendments; and (iii) practical information on responding to the Consultation and next steps.

Background to the Consultation

LIBORs are the benchmark of the interest rates at which major banks lend to each other in the interbank market, published in five currencies (the US Dollar, the Euro, the British Pound, the Japanese Yen, and the Swiss Franc) and administered by ICE Benchmark Administration Limited and regulated by the UK’s Financial Conduct Authority (“**FCA**”).

On 5 March 2021, the FCA published an announcement on the future cessation or loss of representativeness of the LIBORs¹, confirming that:

- publication of all tenors of euro LIBOR, Swiss franc LIBOR, Japanese yen LIBOR, Sterling LIBOR, and the 1-week and 2-month USD LIBOR tenors would cease to be provided or would no longer be representative immediately after 31 December 2021; and
- publication of all other USD LIBOR tenors would cease to be provided or would no longer be representative immediately after 30 June 2023.

In response to the Financial Stability Board recommendation of the development and adoption of alternative nearly risk-free rates, the following alternatives have been proposed:

LIBOR Currency	Proposed Replacement Rate
USD	Secured Overnight Financing Rate (SOFR)
GBP	Sterling Overnight Index Average (SONIA)
EUR	Euro Short-Term Rate (€STR)
CHF	Swiss Average Rate Overnight (SARON)
JPY	Tokyo Overnight Average Rate (TONA)

¹ Available here: <https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

Proposed amendments to the methodology of the Benchmarks

In the context of the above, CSI, as administrator of each of the Benchmarks, proposes the following amendments. The purpose of these amendments is to replace Benchmark inputs which are based on LIBOR and replace these with suitable alternative inputs.

A – Certain Credit Suisse Rolling Interest Rates Futures Indices

The Credit Suisse Rolling Interest Rates Futures Indices in respect of which the amendment is proposed are listed in Part A of Schedule 1 hereto.

Those indices listed in Part A of Schedule 1 which refer to “Eurodollar” in the name of the index currently reference the CME Eurodollar futures contract. It is proposed that such indices be amended by replacing the CME Eurodollar futures contract, with effect from the ‘Component Roll Period’ (being the period during which the relevant index changes the underlying futures contract from one quarterly contract to the next) occurring in September 2021, with the CME SOFR 3 months futures contract.

Those indices listed in Part A of Schedule 1 which refer to “90 day Sterling” in the name of the index currently reference the ICE 90 day Sterling futures contract. It is proposed that such indices be amended by replacing the ICE 90 day Sterling futures contract, with effect from the ‘Component Roll Period’ occurring in September 2021, with the ICE SONIA 3 months futures contract.

B – The Credit Suisse Adaptive Term Premium (CATP) Indices

The Credit Suisse Adaptive Term Premium (CATP) Indices currently reference the CME Eurodollar futures contract. It is proposed that these indices be amended by replacing the CME Eurodollar futures contract, with effect from the ‘Component Roll Period’ occurring in November 2021, with the CME SOFR 3 months futures contract.

C - Credit Suisse Tail Risk Overlay Protection Strategy

The Credit Suisse Tail Risk Overlay Protection Strategy is published in USD and EUR versions as set out in Part C of Schedule 1 hereto.

These indices currently include several maturities of the CME Eurodollar futures contract within the universe of index components. It is proposed that such indices be amended by replacing these CME Eurodollar futures contracts as index components, with effect from the ‘Component Roll Period’ occurring in September 2021, with the corresponding maturities of the CME SOFR 3 months futures contract.

Consultation process

In order to take into account the views of users and stakeholders, CSI, as administrator of each of the Benchmarks, is conducting this Consultation on the proposed amendments. The Consultation opens on Friday 13 August 2021 and will run until close of business in New York on Friday 3 September 2021 (the “**Consultation Period**”).

Within the Consultation Period, users and stakeholders are invited to send any feedback or comments on this Consultation to: list.qis-consultation@credit-suisse.com.

A summary of user and stakeholder comments, if any and unless confidentiality is requested, and CSI's response to such comments, shall be made available upon request following completion of the Consultation Period.

Exiting positions or products prior to the implementation of any amendments

Users or stakeholders who wish to exit a position or product referencing a Benchmark prior to the implementation of any amendments should contact CSI via their usual contact or via email addressed to list.qis-consultation@credit-suisse.com.

SCHEDULE 1

IMPACTED BENCHMARKS AND TICKERS

Part A – the Credit Suisse Rolling Interest Rates Futures Indices:

Index Name	Bloomberg Ticker
CS Rolling Eurodollar (1st Contract, Roll FND-2) ER	CIRBD12E
CS Rolling Eurodollar (1st Contract, Roll FND-3) ER	CIRBD13E
CS Rolling Eurodollar (2nd Contract, Roll FND-2) ER	CIRBD22E
CS Rolling Eurodollar (2nd Contract, Roll FND-3) ER	CIRBD23E
CS Rolling Eurodollar (3rd Contract, Roll FND-2) ER	CIRBD32E
CS Rolling Eurodollar (3rd Contract, Roll FND-3) ER	CIRBD33E
CS Rolling Eurodollar (4th Contract, Roll FND-2) ER	CIRBD42E
CS Rolling Eurodollar (4th Contract, Roll FND-3) ER	CIRBD43E
CS Rolling Eurodollar (5th Contract, Roll FND-2) ER	CIRBD52E
CS Rolling Eurodollar (5th Contract, Roll FND-3) ER	CIRBD53E
CS Rolling Eurodollar (6th Contract, Roll FND-2) ER	CIRBD62E
CS Rolling Eurodollar (6th Contract, Roll FND-3) ER	CIRBD63E
CS Rolling Eurodollar (7th Contract, Roll FND-2) ER	CIRBD72E
CS Rolling Eurodollar (7th Contract, Roll FND-3) ER	CIRBD73E
CS Rolling Eurodollar (8th Contract, Roll FND-2) ER	CIRBD82E
CS Rolling Eurodollar (8th Contract, Roll FND-3) ER	CIRBD83E
CS Rolling 90 day Sterling (1st Contract, Roll FND-2) ER	CIRBL12E
CS Rolling 90 day Sterling (1st Contract, Roll FND-3) ER	CIRBL13E
CS Rolling 90 day Sterling (2nd Contract, Roll FND-2) ER	CIRBL22E
CS Rolling 90 day Sterling (2nd Contract, Roll FND-3) ER	CIRBL23E
CS Rolling 90 day Sterling (3rd Contract, Roll FND-2) ER	CIRBL32E
CS Rolling 90 day Sterling (3rd Contract, Roll FND-3) ER	CIRBL33E
CS Rolling 90 day Sterling (4th Contract, Roll FND-2) ER	CIRBL42E
CS Rolling 90 day Sterling (4th Contract, Roll FND-3) ER	CIRBL43E
CS Rolling 90 day Sterling (5th Contract, Roll FND-2) ER	CIRBL52E
CS Rolling 90 day Sterling (5th Contract, Roll FND-3) ER	CIRBL53E
CS Rolling 90 day Sterling (6th Contract, Roll FND-2) ER	CIRBL62E
CS Rolling 90 day Sterling (6th Contract, Roll FND-3) ER	CIRBL63E
CS Rolling 90 day Sterling (7th Contract, Roll FND-2) ER	CIRBL72E
CS Rolling 90 day Sterling (7th Contract, Roll FND-3) ER	CIRBL73E
CS Rolling 90 day Sterling (8th Contract, Roll FND-2) ER	CIRBL82E

CS Rolling 90 day Sterling (8th Contract, Roll FND-3) ER	CIRBL83E
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Part B – the Credit Suisse Adaptive Term Premium (CATP) Indices

Index Name	Bloomberg Ticker
CS Adaptive Term Premium USD	CATPUSEU
CS Adaptive Term Premium USD	CATPUX2S

Part C – the Credit Suisse Tail Risk Overlay Protection Strategy:

Index Name	Bloomberg Ticker
CS Tail Risk Overlay Protection Strategy (CSTOPS) USD	CSTSERUS
CS Tail Risk Overlay Protection Strategy (CSTOPS) EUR	CSTSEREU