

October 27<sup>th</sup> 2021

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

## LIBOR Replacement Consultation #11: FX Indices

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**”).

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

If you do not understand the contents of this notice or are unsure how this affects you, you should consult an appropriate professional adviser.

### Background to the Consultation

LIBOR is the benchmark of the interest rates at which major banks lend to each other in the interbank market. It is published in five currencies (US Dollar, Euro, British Pound, Japanese Yen, and Swiss Franc), 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 LIBORs<sup>1</sup>, 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:

<b>LIBOR Currency</b>	<b>Proposed Replacement Rate</b>
USD	Secured Overnight Financing Rate (“ <b>SOFR</b> ”)
GBP	Sterling Overnight Index Average (“ <b>SONIA</b> ”)
EUR	Euro Short-Term Rate (“ <b>€STR</b> ”)
CHF	Swiss Average Rate Overnight (“ <b>SARON</b> ”)
JPY	Tokyo Overnight Average Rate (“ <b>TONAR</b> ”)

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

Where changing from a term reference rate to an overnight reference rate would have an impact on an instrument referencing such rate, a spread may be applied to address such impact. In the case of LIBORs, the International Swaps and Derivatives Association, Inc (“ISDA”) has applied spreads in the LIBOR fallbacks contained in the 2006 ISDA Definitions, calculated using a historical median approach over a five-year lookback period from the date of an announcement on cessation or non-representativeness, and incorporate differences in tenor, credit risk premium and other factors.

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 with suitable alternative inputs.

*Change in reference rates used in the Credit Suisse Index Framework - OTC FX Markets Core Index Methodology*

Table E.1 contained in Appendix E to the Credit Suisse Index Framework - OTC FX Markets Core Index Methodology specifies the reference rates used in the calculation of the formula-based discount rates used to determine the value of FX forward returns in the certain of the Benchmark calculations.

It is proposed that the Credit Suisse Index Framework - OTC FX Markets Core Index Methodology will be amended such that, with effect from the Index Rebalancing Date of the Benchmarks falling in December 2021 Table E.1 in Appendix E will be replaced with the following:

<b>Rate</b>	<b>Tenor</b>	<b>Source/Reuters RIC</b>
The par rate for 1-day SOFR Interest Rate Swap	1 Day	Reuters page USDSROIS=TRDL at 11 am NY time
The par rate for 1-month SOFR Interest Rate Swap	1 Month	Reuters page USDSROIS=TRDL at 11 am NY time
The par rate for 2-months SOFR Interest Rate Swap	2 Months	Reuters page USDSROIS=TRDL at 11 am NY time

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 Wednesday 27 October 2021 and will run until close of business in New York on Tuesday 30 November 2021 (the “**Consultation Period**”).

Within the Consultation Period, users and stakeholders are invited to send any feedback or comments on this Consultation to: [list.gis-consultation@credit-suisse.com](mailto:list.gis-consultation@credit-suisse.com).

This Notice and any relevant updates relating to the Consultation will be made available here: <https://www.credit-suisse.com/uk/en/investment-banking/financial-regulatory/customer-notices.html?a=32>

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.gis-consultation@credit-suisse.com](mailto:list.gis-consultation@credit-suisse.com).

## SCHEDULE 1

### IMPACTED BENCHMARKS AND TICKERS

Index Name	Bloomberg Ticker
Credit Suisse Rolling FX Forward RUB 1M Index	FXFTRUBU
Credit Suisse Rolling FX Forward TRY 1M Index	FXFTTRYU
Credit Suisse Rolling FX Forward CNH 1M Index	FXFTCNHU
Credit Suisse Rolling FX Forward BRL 1M Index	FXFTBRLU
Credit Suisse Rolling FX Forward CLP 1M Index	FXFTCLPU
Credit Suisse Rolling FX Forward COP 1M Index	FXFTCOPU
Credit Suisse Rolling FX Forward CZK 1M Index	FXFTCZKU
Credit Suisse Rolling FX Forward HUF 1M Index	FXFTHUFU
Credit Suisse Rolling FX Forward IDR 1M Index	FXFTIDRU
Credit Suisse Rolling FX Forward ILS 1M Index	FXFTILSU
Credit Suisse Rolling FX Forward KRW 1M Index	FXFTKRWU
Credit Suisse Rolling FX Forward MXN 1M Index	FXFTMXNU
Credit Suisse Rolling FX Forward PHP 1M Index	FXFTPHPU
Credit Suisse Rolling FX Forward PLN 1M Index	FXFTPLNU
Credit Suisse Rolling FX Forward SGD 1M Index	FXFTSGDU
Credit Suisse Rolling FX Forward TWD 1M Index	FXFTTWDU
Credit Suisse Rolling FX Forward ZAR 1M Index	FXFTZARU
Credit Suisse Rolling FX Forward AUD 1M Index	FXFTAUDU
Credit Suisse Rolling FX Forward CAD 1M Index	FXFTCADU
Credit Suisse Rolling FX Forward CHF 1M Index	FXFTCHFU
Credit Suisse Rolling FX Forward EUR 1M Index	FXFTEURU
Credit Suisse Rolling FX Forward GBP 1M Index	FXFTGBPU
Credit Suisse Rolling FX Forward NOK 1M Index	FXFTNOKU
Credit Suisse Rolling FX Forward NZD 1M Index	FXFTNZDU
Credit Suisse Rolling FX Forward SEK 1M Index	FXFTSEKU
Credit Suisse Rolling FX Forward JPY 1M Index	FXFTJPYU
Credit Suisse FX EM 2 Excess Return Index	FXMXEEU2
Credit Suisse Rolling FX Forward INR 1M Index	FXFTINRU
Credit Suisse FX Carry EM15 Index Excess Return	FXCIEMCU
Credit Suisse FX Carry G10 Index Excess Return	FXCIDMCU