



**LIBOR RATES BECOME
SYNTHETIC – AN
OVERVIEW**

To Infront's corporate treasury partner and clients.

This document is for information purpose only and should not be considered as financial nor legal advice.

Content

1. LIBOR rates become synthetic.....	3
2. Update ICE Benchmark Administration “BBA” - January 2022.....	4
3. Tullett Prebon Information, part of TP ICAP group “TFI” - January 2022	5
4. Market color: Capital markets indicate change from IRS to OIS based on RFR	8
5. Overnight Index Swaps on Risk Free Rate.....	10
6. Disclaimer	11
7. Contact.....	11

1. LIBOR rates become synthetic

The following abstract deals with recent inputs by sources ICE Benchmark Administration “BBA” and Tullet Prebon information service “TFI” in regards to the LIBOR-changeover. Targeted are Infront’s corporate treasury partner and clients.

The following abstract is meant for **information purpose only and should not be considered as financial or legal advice.**

Affected are symbols/records of former ICE LIBOR rates. Records/symbols of capital market instruments such as interest rate swaps “IRS” or Forward Rate Agreement “FRA” based on former LIBOR reference rates are concerned as well.

Please be informed that certain rates so far published by Intercontinental Exchange® (ICE) “BBA” will no longer be available. The following **Infront records/symbols will therefore cease:**

Currency	related symbol	Name
Swiss Francs	LIBCHF.BBA.1M	CHF LIBOR 1M
	LIBCHF.BBA.1W	CHF LIBOR 1W
	LIBCHF.BBA.1Y	CHF LIBOR 1Y
	LIBCHF.BBA.2M	CHF LIBOR 2M
	LIBCHF.BBA.3M	CHF LIBOR 3M
	LIBCHF.BBA.6M	CHF LIBOR 6M
	LIBCHF.BBA.SN	CHF LIBOR SN
Euro	LIBEUR.BBA.1M	EUR LIBOR 1M
	LIBEUR.BBA.1W	EUR LIBOR 1W
	LIBEUR.BBA.1Y	EUR LIBOR 1Y
	LIBEUR.BBA.2M	EUR LIBOR 2M
	LIBEUR.BBA.3M	EUR LIBOR 3M
	LIBEUR.BBA.6M	EUR LIBOR 6M
	LIBEUR.BBA.ON	EUR LIBOR ON
British Pound	LIBGBP.BBA.1W	GBP LIBOR 1W
	LIBGBP.BBA.1Y	GBP LIBOR 1Y
	LIBGBP.BBA.2M	GBP LIBOR 2M
	LIBGBP.BBA.ON	GBP LIBOR ON
Japanese Yen	LIBJPY.BBA.1W	JPY LIBOR 1W
	LIBJPY.BBA.1Y	JPY LIBOR 1Y
	LIBJPY.BBA.2M	JPY LIBOR 2M
	LIBJPY.BBA.SN	JPY LIBOR SN
US Dollars	LIBUSD.BBA.1W	USD LIBOR 1W
	LIBUSD.BBA.2M	USD LIBOR 2M

A “synthetic” methodology is used for remaining symbols of 1-, 3- and 6-Months GBP and JPY LIBOR settings (i.e. symbol “LIBJPY.BBA.1M”). The “panel bank” LIBOR methodology is used for remaining 1-, 3-, 6- and 12-Months USD LIBOR settings till end-June 2023. The exchange code is “BBA”. Entitlements will not change. Please refer to the ICE home page for further information: <https://www.theice.com/iba/licensing>

2. Update ICE Benchmark Administration “BBA” - January 2022

Source Type	Source	Content Name	Exchange Symbol	Example Symbol
Exchange	ICE Data	ICE LIBOR - All Currencies	BBA	LIBJPY.BBA.1W

For the LIBOR records/symbols that are no longer available and those that are now synthetic, Infront would like to refer to the further explanations provided by the source ICE.

The following **statement** reached Infront on January 14th 2022 from **ICE Benchmark Administration**:

“After December 31, 2021, all CHF and EUR LIBOR settings, the 1 Week and 2 Months USD LIBOR settings, and the Overnight/Spot Next, 1 Week, 2 Months and 12 Months GBP and JPY LIBOR settings have ceased to be published. IBA expects to continue to determine and publish the Overnight and the 1-, 3-, 6- and 12-Months USD LIBOR settings using panel bank contributions under the “panel bank” LIBOR methodology until end-June 2023. The Overnight and 12-Months USD LIBOR settings will cease immediately after June 30, 2023. The Financial Conduct Authority (“FCA”) has designated the 1-, 3- and 6-Months GBP and JPY LIBOR settings as “Article 23A benchmarks” for the purposes of the UK Benchmarks Regulation with effect from January 1, 2022 and is compelling IBA to publish these settings for the duration of 2022. The FCA is requiring IBA to calculate these settings using a changed, “synthetic” methodology. The “synthetic” methodology is not based on panel bank contributions and is not representative of the underlying market or economic reality the setting is intended to measure, including for the purposes of the BMR.

IBA endeavours to send the LIBOR Rates mail as close to publication time as possible. For information on other ways to obtain LIBOR Rates please visit <https://www.theice.com/iba/licensing> N.B. This is a publication only email address. (...)*

3. Tullett Prebon Information, part of TP ICAP group “TFI” - January 2022

Source Type	Source	Content Name	Exchange Symbol	Example Symbol
Contributor	Tullett Prebon Information Ltd.	“LIBOR based symbols”	TFI RFIRFR	Interest rate SWAPs Act/365 Semi v 6m GBP LIBOR “IBGBP.TFI.2Y”

Infront would like to inform that Tullett Prebon-records referring to **out phased LIBOR-settings (mainly in JPY, CHF, GBP ...)** will **now** be **based on derived LIBOR-rates** whereby the provider shares following data notification:

“The new records referred to in this data change notification are indicative data only and are not based on actual orders and transactions of any financial instruments (“Derived Data”). This Derived Data is not a replacement, continuation or replication of any other data. In no circumstances should the Derived Data be used for any purpose that would cause it to become a benchmark for the purposes of the EU or UK Benchmark Regulation (together with the relevant technical standards) whether by the data being referenced in a financial instrument, financial contract, investment fund or otherwise. To the fullest extent permitted by law, neither ICAP Information Services Limited nor TP ICAP plc nor their respective subsidiaries, affiliates, directors officers, employees, partners, licensors or information providers will be liable for any errors or loss from any use of, or inability to use, the Derived Data. The Derived Data is provided and maintained by Parameta Solutions.”

As far as these records are concerned please note that **Infront records/symbols will not change.**

NOTE:

In the case of single instrument-specific queries, Infront recommends to check the details of the underlying LIBOR reference in the related records/symbols. A consultation of the relevant publications of the sources is recommended as well. Furthermore please consult legal or financial adviser for questions of use of symbols/records based on derived LIBOR.

Instrument groups with following day-count convention and former Libor reference may be related to the data notification and are **based on derived LIBOR**.

IRS - Interest Rate Swaps	Swaption	Swap Spread	Closing IRS - Interest Rate Swaps	OIS - Overnight Index Swaps
IRS CHF A 30/360 v 3M LIB	CHF ATM Swaption Implied	Swap Sprd CHF A 30/360	Closing IRS CHF A 30/360	OIS EUR EONIA curve
IRS CHF A 30/360 v 6M LIB		Swap Sprd GBP A 30/360	Closing IRS GBP SA A/365	
IRS IMM CHF A A/360 v 3M		Swap Sprd GBP 6M LIBOR	Closing IRS JPY SA A/365	
IRS CHF A A/360 v 1M LIB		Swap Sprd JPY 6M LIBOR		
IRS CHF A 30/360 v 1M LIB				
IRS GBP A A/365 v 3M LIB				
IRS GBP SA A/365 v 6M LIB				
IRS GBP SA A/365 v 6M GB				
IRS IMM GBP A A/365 v 3M				
IRS GBP A A/365 v 1M LIB				
IRS GBP Q A/365 v 3M LIB				
IRS GBP SA A/365 v 3M LIB				
IRS GBP SA A/365 6M LIB				
IRS JPY SA A/365 v 6M LIB				

Fix Basis Swap	Basis Swap	FRA - Forward Rate Agreement
FIX Basis Swap GBP 3M LIB	Basis Swap CHF 3M LIBOR	FRA SARON Spread IMM CHF
IR Swap IMM SB A 365 vs	Basis Swap CHF 6M vs 3M	FRA 3M CHF (multiple)
FIX Basis Swap GBP 3M vs	Basis Swap EUR 3M Euribor	FRA 3M GBP IMM
FIX Basis Swap GBP 12M vs	Basis Swap GBP 3M LIBOR	FRA OIS Sprd Liffe GBP
FIX Basis Swap GBP 6M vs	Basis Swap GBP SONIA vs	FRA 3M GBP
Swap Bond Sprd GBP SA	Basis Swap IMM GBP SONIA	FRA 6M GBP IMM (multiple)
FIX Basis Swap JPY 3M LIB	Basis Swap GBP LCH	FRA 12M GBP IMM
FIX Basis Swap JPY 6M LIB	Basis Swap JPY 3M L	FRA 3M JPY (multiple)
	Basis Swap JPY 3M LIBOR	FRA Sprd IMM JPY LIBOR
	Basis Swap JPY 6M vs 3M	

4. Market color: Capital markets indicate change from IRS to OIS based on RFR

In order to evaluate actual larger OTC transaction in swap markets Infront has **observed in January the daily activity summary of an European swap-execution-facility**¹ in addition to its constant communication with relevant exchanges and contributors.

Major swap market maker and large institutional clients use that marketplace to trade OTC swaps.

CAUTION:

This is a market color and manual observation. Whether current observations are valid or correct can't be forecasted by Infront.

Transactions observed in former LIBOR currencies have **shown dominantly following instrument types:**

USD_SOFR_0X__

EUR_OIS_ESTR_0X__

GBP_OIS_SONIA_0X__

Transactions observed in the Euribor based IRS have shown dominantly following instrument types:

IRS_3M_EUR_EURIBOR_0X__

FINDINGS for January 2022:

Liquidity seems to be found rather in "OIS" overnight index swaps than in "IRS" interest rate swaps in EUR, USD or GBP.

Remaining active USD Libor "IRS" are mentioned in the activity summary. Some transactions were reported in the execution-facility.

EURIBOR based IRS are mentioned in the activity summary. Some transactions were reported in the execution-facility.

¹ [Swap Execution Facility - SEF - CFTC Dodd Frank \(tullettprebon.com\)](https://www.tullettprebon.com)

In order to display the difference between rates from “OIS” and “IRS” Infront will share a 10 year comparison chart.

The following chart compares a 10-year maturity of SONIA based “OIS” and the 6M GBP LIBOR based “IRS”:



Snapshot from Infront Professional Terminal IPT on January 26th 2022

The green line shows the Libor based 10Y GBP IRS. The blue line the SONIA based 10Y GBP OIS.

One reason why there is a difference in the displayed rates is the nature of the different floating legs. The GBP SONIA is an overnight rate. The GBP LIBOR rate is a 6-month maturity.

5. Overnight Index Swaps on Risk Free Rate

Source Type	Source	Content Name	Exchange Symbol	Example Symbol
Contributor	Tullett Prebon Information Ltd.	Global Risk Free Rate (RFR)	RFIRFR	RFOISEUR.TFIRFR.10Y Act/365 Ann vs. SONIA / TONA / etc.

LIBOR-based swaps are available beyond January 4th, 2022. Those rates became synthetic/ derived LIBOR rates as described before.

Swaps based on the new benchmarks (e.g., GBP SONIA, USD SOFR or JPY TONAR) are available on a different symbology and under different commercial terms (risk free rates-package).

Infront has onboarded in cooperation with our partner Tullett Prebon Information service packages for Overnight Index Swaps “OIS” based on new risk-free rates.

These are example symbols and packages which are available as RFR based OIS as snap data:

Example symbols and data packages for Overnight Index Swaps “OIS”	
NEW - Symbols RFR_OIS:	Packages available in data manager treasury
RFOISEUR RFOISHKD RFOISSGD RFOISUSD	ois_default_eur ois_default_usd ois_default_aud ois_default_chf ois_default_gbp ois_default_hkd ois_default_jpy ois_default_sgd ois_estr_eur ois_honia_hkd ois_sora_sgd ois_sofr_usd

6. Disclaimer

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