

CHANGES AND CESSATION PROCEDURE

1. Introduction

ICE Benchmark Administration Limited (IBA) administers a variety of systemically important benchmarks and other data services, including ICE Swap Rate which has been [designated](#) as a critical benchmark.

This Changes and Cessation Procedure is published by IBA in compliance with Article 28 of the UK Benchmarks Regulation (BMR) which requires a benchmark administrator to publish, together with the Benchmark Statement required under Article 27 of the BMR, a robust procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark.

The BMR states that the procedure may be drafted, where applicable, for families of benchmarks. A 'family of benchmarks' is defined in the BMR as a group of benchmarks provided by the same administrator and determined from input data of the same nature which provides specific measures of the same or similar market or economic reality. Article 23G makes provision about critical benchmarks provided for different currencies, maturities or tenors (see also UK BMR section).

This Changes and Cessation Procedure is specific to ICE Swap Rate and sets out the steps that IBA would take in the event of a change or cessation of ICE Swap Rate.

2. UK BMR

Article 28(1) of the BMR requires a robust procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the UK in accordance with Article 29(1):

“An administrator shall publish a robust procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the United Kingdom in accordance with Article 29(1). The procedure may be drafted, where applicable, for families of benchmarks.

1A. *The procedure described in paragraph 1—*

- (a) must be published with the benchmark statement for the benchmark when that statement is published in accordance with the first or second subparagraph of Article 27(1), and*
- (b) must be updated and published whenever a material change occurs.*

1B. *In the case of a critical benchmark—*

- (a) on the day on which a procedure described in paragraph 1 is published in accordance with paragraph 1A(a), the administrator must give the FCA an assessment of the matters described in paragraph 1C,*
- (b) the FCA must, before the end of the consideration period, consider whether a procedure published in accordance with paragraph 1A(a) satisfies paragraph 1,*
- (c) before publishing an update of a procedure described in paragraph 1 (whether in accordance with paragraph 1A(b) or otherwise), an administrator must give the update to the FCA, together with an assessment of the matters described in paragraph 1C,*

- (d) *where the FCA is given an update of a procedure described in paragraph 1 by an administrator, it must, before the end of the consideration period, consider whether the update satisfies paragraph 1, and*
- (e) *an administrator must not publish an update of a procedure described in paragraph 1 unless—*
 - (i) *the FCA has given a written notice to the administrator confirming that the update satisfies paragraph 1, or*
 - (ii) *the consideration period has expired without the FCA giving a written notice to the administrator stating that the update does not satisfy that paragraph.*

1C. An assessment provided by an administrator for the purposes of paragraph 1B(a) or (c) must assess the following matters—

- (a) *the nature and extent of the current use of the benchmark,*
- (b) *the availability of suitable alternatives to the benchmark, and*
- (c) *how prepared users of the benchmark are for changes to, or the cessation of, the benchmark.*

The Financial Services Act 2021 introduced amendments to the UK BMR to provide for the orderly winddown of critical benchmarks. The amendments to the UK BMR granted new and enhanced powers to the FCA, and provided an overarching legal framework which it can exercise to cater for a range of scenarios that could occur where a critical benchmark might become unrepresentative or cease.

Article 23A - G include specific provisions for critical benchmarks:

- 23A Designation of certain critical benchmarks
- 23B Prohibition on use of Article 23A benchmark
- 23C Exception from the prohibition for legacy use of Article 23A benchmark
- 23D Orderly cessation of Article 23A benchmarks
- 23E Review of exercise of powers under Article 23D
- 23F Policy statements
- 23G Critical benchmarks provided for different currencies etc requires that cessation arrangements could apply separately in respect of each currency/tenor version of ICE Swap Rate.

Article 21 (Mandatory administration of a critical benchmark) outlines the steps a benchmark administrator shall take if intending to cease production of a critical benchmark:

1. If an administrator of a critical benchmark intends to cease providing such benchmark, the administrator shall:

- (a) *immediately notify the FCA; and*
- (b) *within four weeks of such notification submit an assessment of how the benchmark:*
 - (i) *is to be transitioned to a new administrator; or*
 - (ii) *is to be ceased to be provided, taking into account the procedure established in Article 28(1).*

During the period referred to in point (b) of the first subparagraph, the administrator shall not cease provision of the benchmark.

2. Upon receipt of the assessment of the administrator referred to in paragraph 1, the FCA shall:

(a) [deleted]

(b) within four weeks, make its own assessment of how the benchmark is to be transitioned to a new administrator or be ceased to be provided, taking into account the procedure established in accordance with Article 28(1).

During the period of time referred to in point (b) of the first subparagraph of this paragraph, the administrator shall not cease the provision of the benchmark without the written consent of the FCA.

3. Following completion of the assessment referred to in point (b) of paragraph 2, the FCA shall have the power to compel the administrator to continue publishing the benchmark until such time as:

(a) the provision of the benchmark has been transitioned to a new administrator;

(b) the benchmark can be ceased to be provided in an orderly fashion (whether by the exercise of the FCA's powers under Article 23D or otherwise); or

(c) the benchmark is no longer critical.

For the purposes of the first subparagraph, the period for which the FCA may compel the administrator to continue to publish the benchmark shall not exceed 12 months.

By the end of that period, the FCA shall review its decision to compel the administrator to continue to publish the benchmark. The FCA may, where necessary, extend that period by an appropriate period not exceeding 12 months. The maximum period of mandator administration shall not exceed ten years.

[...]

3. Change or cessation steps

IBA may decide to cease to publish one or more ICE Swap Rate currency/tenor pairs (being one or more "versions" of the benchmark) for reasons which might include:

- Concerns around the availability and/or quality of input data;
- Inability to produce the version(s) in a reliable fashion that represents the economic reality that the benchmark is intended to measure;
- Findings from a periodic review of the benchmark;
- Production of the ICE Swap Rate version(s) were no longer viable for IBA; and/or
- The administration of ICE Swap Rate were to be transferred to another benchmark administrator.

Details of any proposed changes to or cessation of ICE Swap Rate would be reviewed and agreed with the ICE Swap Rate and Term Reference Rates Oversight Committee which would have an important role in monitoring the execution of the plan.

Key factors to be considered are:

- The timing of the change or cessation, including how much notice should be given;
- Whether any transitional measures should or could be implemented; and
- Stakeholder engagement.

4. Consultation process

If changes to ICE Swap Rate were under consideration, the [IBA Consultation Process](#) provisions would apply.

If the cessation of one or more versions of the ICE Swap Rate were under consideration, the following provisions would apply:

The ICE Swap Rate and Term Reference Rates Oversight Committee is responsible for reviewing and approving procedures for cessation of the benchmark, including any consultation about a cessation.

In conjunction with the Oversight Committee, IBA would prepare a consultation paper on a proposed cessation and after careful consideration of the following points:

- Any regulatory or legal obligations of the benchmark administrator or of benchmark submitters or users which the proposals are designed to meet;
- Any other regulatory implications of the proposed cessation;
- Any legal implications of the proposed cessation, including any potential consequences for the continuity of existing contracts;
- Any IT implications of the proposed cessation;
- Any customer implications of the proposed cessation;
- Any transitional changes to processes and procedures (for example, the surveillance processes);
- Any other implications of the proposed cessation, for example: risk, budgetary, operational cost, etc;
- Whether the proposals are clearly articulated and give a balanced view of the likely implications;
- Whether feedback questions are clear and unambiguous;
- Whether the consultation period is sufficient;
- How consultation responses will be analysed and what criteria will be used in evaluating them; and
- Who will be able to access the consultation responses.

The consultation paper would be reviewed and agreed by the Oversight Committee, and/or the IBA Board as appropriate before publication or circulation. IBA typically also shares a consultation paper with the FCA before publication.

IBA publishes consultation papers on its website and invites interested parties to comment on the proposals by a specified date.

When the consultation period closes, IBA prepares a detailed analysis of responses for internal use, circulating it as appropriate to the Oversight Committee and the IBA Board.

IBA publishes a feedback statement summarising responses together with the consultation comments received unless confidentiality has been requested by the originator of the comments. The feedback statement is reviewed and agreed with the Oversight Committee before publication.

5. Timings and notice

The timing would take into consideration the relevant factors in the prevailing circumstances:

- The urgency, if any, of changing or ceasing the benchmark;
- The amount of notice would depend on the reason(s) for cessation and the timescales to allow for consultation review of feedback and schedule of proposed cessation dates.
- The amount of notice that should be given to stakeholders to allow them to take a number of actions: to identify alternative arrangements; to put such alternatives in place; to ensure that contractual documentation is amended as necessary; and to update promotional or other material;
- The timing of any transitional measures;
- The extent of any likely IT or process issues;
- Whether there are any important dates or milestones in the near future (for example, expiries of financial instruments referencing the benchmark); and
- Whether there are any regulatory, legal or other provisions that might affect the timing.

IBA would seek to give stakeholders as much notice as possible of a proposed cessation of ICE Swap Rate version(s); this would be likely to be between two weeks and six months depending on the circumstances surrounding the proposed cessation.

6. Engaging with external stakeholders

If cessation to ICE Swap Rate version(s) were under consideration, IBA would engage with relevant stakeholders, including:

- The FCA and any other relevant regulatory body;
- Users of the benchmark – directly (for example, by email to registered licensees and by conference calls where appropriate), through any relevant association(s) and/or through paid advertisements;
- Redistributors of the benchmark; and
- The media.

IBA would also include relevant information and relevant contact details on its website.

7. Review

This Changes and Cessation Procedure for ICE Swap Rate is subject to review at least annually.

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