CME Group Advisory Notice

TO: Clearing Member Firms
Back Office Managers

DATE: January 25, 2021

FROM: CME Clearing

NOTICE #: 21-039

SUBJECT: Implementation of IBOR Fallbacks for OTC IRS Products

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The purpose of this Advisory Notice is to implement the ISDA IBOR Fallbacks (as defined below) for CME cleared contracts. On January 25, 2021 the Commodity Futures Trading Commission ("CFTC") approved the rules proposed by Chicago Mercantile Exchange Inc. ("CME" or the "Clearing House") for implementing the ISDA IBOR Fallbacks set out in this Advisory Notice pursuant to section 5c(c)(5) of the Commodity Exchange Act ("CEA") and Commission Regulation 40.5. Following this approval, the rules set out in this Advisory Notice will be effective on the date of implementation of the ISDA IBOR Fallbacks by ISDA, January 25, 2021 (the "ISDA IBOR Fallbacks Implementation Date").

This Advisory Notice shall be binding on all Clearing Members and position holders of cleared trades in affected OTC IRS products[1] and the ISDA IBOR Fallbacks (as defined below) will be incorporated into the terms of all CME cleared trades in relevant interest rate products from the date of this Advisory Notice, including for the avoidance of doubt:

- "new" trades accepted for clearing by CME on or after the ISDA IBOR Fallbacks Implementation Date; and
- "legacy" cleared trades registered for clearing by CME (and that remain outstanding) prior to the ISDA IBOR Fallbacks Implementation Date.

**Background**

On October 23, 2020, ISDA launched its IBOR Fallbacks Supplement[2] and IBOR Fallbacks Protocol[3] which amend and supplement ISDA's standard definitions and facilitate arrangements between bilateral counterparties to in-scope interest rate swap contracts to incorporate robust contractual fallbacks for such derivatives linked to certain inter-bank offered rates ("IBORs").[4] From the effective date of implementation

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[1] The scope of affected OTC IRS products is detailed below. Note that this Advisory Notice does not apply to cleared Forward Rate Agreements ("FRAs").

[2] The ISDA IBOR Fallbacks Supplement is titled "Amendments to the 2006 ISDA Definitions to include new IBOR fallbacks, Supplement number 70 to the 2006 ISDA Definitions, Final on October 23, 2020 and published and effective on January 25, 2021". The ISDA IBOR Fallbacks Supplement will have the effect of amending the 2006 ISDA Definitions from January 25th, 2021. The ISDA IBOR Fallbacks Supplement is available at http://assets.isda.org/media/3062e7b4/23aa1658-pdf/.

[3] The ISDA 2020 IBOR Fallbacks Protocol is available at http://assets.isda.org/media/3062e7b4/08268161-pdf/.

[4] Fallbacks are contractual provisions that set out the consequences of a defined event; for example, the discontinuation of a benchmark. ISDA's fallback provisions for use by market participants are summarized and made available on the ISDA website: https://www.isda.org/2020/10/23/isda-launches-ibor-fallbacks-supplement-and-protocol/. The IBORs covered by the ISDA Fallbacks framework are CHF LIBOR, EUR LIBOR, GBP LIBOR, JPY LIBOR, USD LIBOR, EURIBOR, Yen TIBOR, Euroyen TIBOR, BBSW,

by ISDA on January 25th, 2021, all new bilateral uncleared derivatives that are in scope of the ISDA Fallbacks Supplement and reference the relevant ISDA definitions will include ISDA's contractual IBOR fallbacks to term and spread-adjusted versions of nearly risk-free reference rates ("RFRs")[5] triggered by a permanent discontinuation of a covered IBOR, or additionally in the case of LIBORs, a non-representativeness determination by the relevant regulatory authority (the "ISDA IBOR Fallbacks"). Market participants may also choose to adhere to the ISDA IBOR Fallbacks Protocol to incorporate the ISDA IBOR Fallbacks into their outstanding legacy derivatives trades with other adhering counterparties from the date of implementation of the ISDA IBOR Fallbacks Supplement.

The adoption of the ISDA IBOR fallbacks has widespread market support and is further endorsed by global regulatory authorities which have consistently warned participants of the risk that certain IBORs may be discontinued or become "non-representative" after the end of 2021, reminding market participants of the need to have appropriate arrangements to fall back to the applicable RFR.[6] Market participants are widely expected to adhere to the ISDA IBOR Fallbacks Protocol, as evidenced by the considerable numbers of adhering parties to date[7], and global regulatory bodies are promoting and encouraging adherence by the firms they regulate, for example, as part of LIBOR transition readiness.[8]

CME Group supports improvements to fallback procedures to IBOR fallback rates and we believe that a coordinated approach to triggers and fallbacks between cleared and uncleared derivatives markets is positive for the market place[9]. As a result, in order to align our approach with the bilateral uncleared market, CME is amending the rules of CME (the "CME Rulebook") that are applicable to relevant OTC cleared IRS products in order to incorporate the ISDA IBOR Fallbacks into the CME Rulebook and into the terms of each relevant CME cleared contract, with effect from the ISDA IBOR Fallbacks Implementation Date.

CDOR, HIBOR, SOR and THBFIX. The ISDA IBOR Fallbacks therefore apply to a broader range of contracts than those cleared by CME. CME does not clear EUR LIBOR, JPY TIBOR, JPY Euroyen TIBOR or THBFIX.

[5] Each RFR has been determined by the relevant public/private-sector working group as the alternative rate to that IBOR, for example, the Secured Overnight Financing Rate ("SOFR") for USD LIBOR, etc.

[6] See UK FCA speech, August 2020: https://www.fca.org.uk/news/speeches/libor-transition-critical-tasks-ahead-us-second-half-2020.On November 18, 2020 ICE Benchmark Administration ("IBA"), the FCA-regulated and authorised administrator of LIBOR, announced that it will consult on its intention that the euro, sterling, Swiss franc and yen LIBOR panels would, subject to confirmation following the consultation, cease at end-2021 – see https://www.fca.org.uk/news/statements/fca-consults-on-new-benchmark-powers and https://ir.theice.com/press/news-details/2020/ICE-Benchmark-Administration-to-Consult-On-Its-Intention-to-Cease-the-Publication-of-GBP-EUR-CHF-and-JPY-LIBOR/default.aspx. IBA issued a second announcement on November 30, 2020 notifying market participants of its proposal to consult on its intention to cease the publication of the one week and two month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023 – see https://ir.theice.com/press/news-details/2020/ICE-Benchmark-Administration-to-Consult-on-Its-Intention-to-Cease-the-Publication-of-One-Week-and-Two-Month-USD-LIBOR-Settings-at-End-December-2021-and-the-Remaining-USD-LIBOR-Settings-at-End-June-2023/default.aspx. The resulting consultation was published by IBA on December 4, 2020 and is available at: https://www.theice.com/publicdocs/ICE_LIBOR_Consultation_on_Potential_Cessation.pdf.

[7] ISDA maintains a public list noting those market participants that have adhered to the ISDA IBOR Fallbacks Protocol to date at https://www.isda.org/protocol/isda-2020-ibor-fallbacks-protocol/adhering-parties

[8] The FSB has strongly encouraged widespread and early adherence to the ISDA IBOR Fallbacks Protocol by all affected financial and non-financial firms as a critical step in benchmark transition ahead of end-2021.See https://www.fsb.org/2020/10/fsb-encourages-broad-and-timely-adherence-to-the-isda-ibor-fallbacks-protocol/. Members of the ISDA Board of Directors strongly support broad adherence to the ISDA IBOR Fallback Protocol among all market participants globally that have non-cleared derivatives exposure to LIBOR and other IBORs and understands there to be broad market consensus supporting their adoption, noting in July 2020 that "The IBOR Fallback Protocol is the most efficient way for participants in the vast majority of non-cleared derivatives markets to mitigate against the risks associated with the discontinuation of a key IBOR, and is a critical part of addressing both individual firm risks and systemic risks associated with the expected discontinuation and/or non-representativeness of LIBOR in particular." See ISDA Board statement July 29, 2020 https://www.isda.org/2020/07/29/isda-board-statement-on-adherence-to-the-ibor-fallback-protocol/.

[9] CME Group has fully supported the efforts of the official sector, ARRC and ISDA and their industry-wide working groups to improve and strengthen LIBOR fallbacks and indicated at an early stage our intention to align with ISDA to include revised fallback language in our rules at a time which is concurrent with amendments or new definitions being adopted across the OTC derivative marketplace: https://www.cmegroup.com/education/articles-and-reports/cme-group-supports-isda-s-libor-fallback-provisions.html

CME does not propose to apply the ISDA IBOR Fallback approach in full to CME cleared trades in FRAs at this stage and, as a result, this Advisory Notice does not apply to FRAs. This is because the full application of the ISDA IBOR Fallback approach to FRAs, without modification, could result in the fallback procedure shifting the interest rate risk period of a FRA which could in turn create problems for market participants, such that many market participants consider the ISDA IBOR Fallback approach to be incompatible with FRAs in certain respects. This is because Fallback Rates are "backward-looking" rates, calculated in arrears over the relevant interest period, and therefore the relevant rate is not known until the end of the term of the interest rate period. Unlike other interest rate swap products, which generally pay out at the end of the relevant interest period, FRAs do not feature a time lag between the fixing date and the payment date of the contract and therefore the FRA is designed to pay out at the start of the interest period. As a result, under the terms of the ISDA IBOR Fallbacks Supplement, in these circumstances the Fallback Rate published for the previous fixing period would be used instead, amending the economic exposure under the cleared trade, which many market participants consider to be undesirable.

As a result, CME does not propose to apply the ISDA IBOR Fallbacks in full to FRAs. Instead, CME proposes to implement rules and procedures in due course that will apply to affected FRAs to convert each affected FRA on a fallback event effective date into an equivalent single period interest rate swap, referencing the relevant Fallback Rate, which is otherwise economically equivalent to the relevant original FRA (i.e. with an effective date corresponding to the settlement date of the original FRA and with the same fixed rate, maturity date, notional and direction). From discussions with market participants, CME understands that this approach to FRAs is accepted by market participants as preferable to implementation of the ISDA IBOR Fallbacks in full for FRAs. Further details will be provided by CME to market participants in due course prior to implementation.

**Background and application of ISDA IBOR Fallbacks**

Global regulatory authorities have identified the need for reform of major interest rate benchmarks and have focused particularly on efforts to mitigate the systemic risk that could occur in the event of cessation of a key IBOR.[10] Since 2016 ISDA has supported the work of the FSB OSSG in working with market participants to develop contractual fallbacks for key IBORs. Following extensive consultation with the OSSG, market participants and regulatory authorities, ISDA's work on contractual fallbacks culminated in the October 2020 publication of the ISDA IBOR Fallbacks Supplement and IBOR Fallbacks Protocol which set out the contractual framework for implementation of fallback provisions for ISDA derivative contracts for relevant covered IBORs, including defined trigger events and fallbacks to term and spread-adjusted versions of RFRs, as summarized below: [11]

Fallback Trigger Events (known as "Index Cessation Events" in ISDA IBOR Fallbacks Supplement)

Under the ISDA IBOR Fallback provisions, contractual fallback to the relevant term and spread adjusted version of the relevant RFR would occur from the effective date of the following "trigger" events:

- For any in-scope IBOR:

[10] Principle 13 of the IOSCO Principles for Financial Benchmarks requires benchmark administrators to encourage subscribers and other stakeholders to take steps to make sure that contracts that reference a benchmark have robust fallback provisions in the event of material changes to, or cessation of, the referenced benchmark. After conducting a review in 2014 the Financial Stability Board ("FSB") Official Sector Steering Group ("OSSG") concluded that "In most cases, fall-back provisions are not sufficiently robust for a permanent discontinuation of a key IBOR", representing a significant challenge to potential transition paths to alternative reference rates. See https://www.fsb.org/wp-content/uploads/r_140722b.pdf

[11] Term and spread adjustments are considered necessary because IBORs are available in multiple tenors and incorporate bank credit premiums and other factors that are not applicable to overnight RFRs. These have been determined in each case during the consultation process conducted by ISDA.

- a public statement or publication of information by or on behalf of the administrator of the relevant IBOR announcing that it has ceased or will cease to provide the relevant IBOR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the relevant IBOR; or

- a public statement or publication of information by the regulatory supervisor for the administrator of the relevant IBOR, the central bank for the currency of the relevant IBOR, an insolvency official with jurisdiction over the administrator for the relevant IBOR, a resolution authority with jurisdiction over the administrator for the relevant IBOR or a court or an entity with similar insolvency or resolution authority over the administrator for the relevant IBOR, which states that the administrator of the relevant IBOR has ceased or will cease to provide the relevant IBOR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the relevant IBOR; or

- Additionally, for CHF LIBOR, EUR LIBOR, GBP LIBOR, JPY LIBOR and USD LIBOR:

    - a public statement or publication of information by the regulatory supervisor for the administrator of such relevant LIBOR announcing that (A) the regulatory supervisor has determined that such relevant LIBOR is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such relevant LIBOR is intended to measure and that representativeness will not be restored and (B) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts.

The effective date would be the first date on which the relevant IBOR is no longer provided or, in the case of a LIBOR, the first date on which the relevant LIBOR is either non-representative (including where it continues to be published) or no longer provided.

Fallback Rates

In each case the contract reference rate would "fall back" from the relevant IBOR to the relevant (adjusted) RFR. IBOR fallbacks are based on the alternative RFRs for each relevant IBOR[12] and tenor, term and spread adjusted (the "all-in" fallback rate), as calculated and published in accordance with the ISDA IBOR Fallback Supplement, for example, by Bloomberg Index Services Limited ("Bloomberg"):

- Adjusted RFR: the compounded setting in arrears RFR for each relevant term – daily compounding of publicly available RFRs (e.g. SOFR, etc.).
- Spread Adjustment: the median of the historical differences between the IBOR for each tenor and the compounded RFR for that tenor over a five year period prior to a fallback trigger event.
- Fallback Rate: the "all-in" fallback rate (i.e., the Adjusted RFR plus the Spread Adjustment for each tenor).[13]

[12] The corresponding RFR for each IBOR is: BBSW (AONIA), CDOR (CORRA), CHF LIBOR (SARON), EUR LIBOR (ESTR), EURIBOR (ESTR), GBP LIBOR (SONIA), HIBOR (HONIA), JPY LIBOR (TONA), TIBOR (TONA), Euroyen TIBOR (TONA), USD LIBOR (SOFR).

[13] Further information on the calculations and rates calculated by Bloomberg are available on the Bloomberg website at: https://data.bloomberglp.com/professional/sites/10/IBOR-Fallbacks-Fact-Sheet.pdf. Bloomberg maintains a publicly available rulebook (the "IBOR Fallback Rate Adjustments Rule Book", available at https://data.bloomberglp.com/professional/sites/10/IBOR-Fallback-Rate-Adjustments-Rule-Book.pdf) which sets out the rules that Bloomberg will implement to calculate the rate adjustments in line with the approach agreed by market participants under ISDA's extensive consultation process. In summary, the Bloomberg Rulebook sets forth in the formulae, definitions, rules and conventions to effect the following key adjustments: (i) to account for the fact that IBORs have a term structure (e.g., 1-month, 2-month, etc.) whereas RFRs are overnight rates, the RFRs will be compounded

The fallback trigger events ("Index Cessation Events") are relevant to the calculation of the Spread Adjustment because the relevant trigger events determine the fixing date for the Spread Adjustment. However, the relevant Fallback Rate will not apply until the actual cessation of the relevant IBOR (or actual date of non-representativeness of the relevant LIBOR).

Under the ISDA IBOR Fallbacks, upon the occurrence of an Index Cessation Event, the rate for the next Reset Date (as defined in the 2006 ISDA Definitions) of an affected contract occurring on or after the Index Cessation Effective Date will see a shift in the fixing date based on the methodology set out in the ISDA IBOR Fallbacks Supplement. Under the ISDA IBOR Fallbacks, after the Index Cessation Effective Date, the rate for a Reset Date will be determined as if references to the relevant IBOR reference rate were references to the relevant Fallback Rate for the Original Rate Record Day' that corresponds to the Reset Date for the relevant IBOR, as most recently provided or published at the prescribed time on the day that is two business days preceding the related payment date.[14]

Incorporation of ISDA IBOR Fallbacks into 2006 ISDA Definitions

The 2006 ISDA Definitions incorporate any amendments made from time to time by ISDA by way of supplements. The ISDA IBOR Fallbacks Supplement amends the 2006 ISDA Definitions to incorporate the ISDA IBOR Fallback provisions into new contracts entered into from the date of implementation that reference those definitions.[15] Specifically, the ISDA IBOR Fallbacks Supplement amends the 2006 ISDA Definitions of "Rate Option" and "Floating Rate Option" to incorporate contractual fallbacks from a relevant IBOR to the relevant Fallback Rate on one of the specified "Index Cessation Events".

Incorporation of ISDA IBOR Fallbacks into the terms of CME cleared trades

The CME Rulebook rules in Chapter 900, 901 and 902 of the CME Rulebook incorporate by reference certain of the 2006 ISDA Definitions, including the definitions of "Rate Option" and "Floating Rate Option" which, as noted above, are amended by the implementation of the ISDA IBOR Fallbacks Supplement to incorporate the ISDA IBOR Fallbacks.[16] As a result, the ISDA IBOR Fallback provisions will be incorporated

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in arrears over a period similar to the applicable IBOR tenor (e.g., 30 days for 1-month, 60 days for 2-month, etc.). These compounded RFRs are each generally referred to as the "Adjusted Reference Rate"; (ii) to account for the (nearly) risk-free nature of the RFRs v. the liquidity characteristics and supply/demand factors affecting IBORs, a spread adjustment will be calculated for each RFR/IBOR pair (per tenor) using a five year historical median calculation. These calculations are each generally referred to as the "Spread Adjustment"; and (iii) adding (i) and (ii) together on a per RFR, per tenor basis for the resulting "Fallback Rate".

[14] Or otherwise as described in the ISDA IBOR Fallbacks Supplement for the relevant rate. This date is termed the "Fallback Observation Day" under the ISDA IBOR Fallbacks Supplement. This approach is adopted to reflect the fact that IBORs are forward-looking whereas RFRs are backward-looking and therefore the compounding in arrears for the term adjustments means that the floating amount payable for a calculation period will not be known until the end of that period. As a result, for example, in certain cases, under ISDA's IBOR Fallback Supplement methodology the calculation period is moved such that the observation period ends on the Fallback Observation Day, 2 business days prior to the payment date, which provides for sufficient time for the relevant payment amounts to be calculated based on the methodology prescribed in the ISDA IBOR Fallbacks and for payment to be made on the payment date. This approach is the result of ISDA's extensive consultation exercises with market participants.

[15] Bilateral counterparties to uncleared trades wishing to incorporate the ISDA IBOR Fallbacks into a "legacy" contract must adhere to the ISDA IBOR Fallbacks Protocol and ensure their relevant counterparty is also an adhering party.

[16] CME Rulebook Chapter 900 (Interest Rate Products) includes Rule 90001 (Scope of Chapter) which provides that "Capitalized terms in this Chapter that are not otherwise defined in either this Chapter or the other Chapters of the Rules shall have the meanings set forth in the [2006] ISDA Definitions." Rule 90002.F (Contract Elections for IRS Swaps) provides that an IRS Participant submitting an IR Swap for acceptance for clearing by the Clearing House as an IR Swap Contract that is not an Underlying IR Swap Contract must make certain elections, including the Floating Rate Option (as defined in the 2006 ISDA Definitions). CME Rulebook Chapter 901 (Interest Rate Swaps Contract Terms) states at Rule 90101 (Scope of Chapter) that "the terms and conditions of each IRS Contract shall be defined by this Chapter, as supplemented by the [2006] ISDA Definitions…and the relevant Contract Elections, and as further supplemented and amended by provisions of these Rules" and that "Capitalized terms in this Chapter that are not otherwise defined in either this Chapter or the other Chapters of the Rules shall have the meanings set forth in the [2006] ISDA Definitions." CME Rule 90102.E.1 (Rate Options) sets out the available Rate Options that may be elected by the IRS Participant with respect to an IRS Contract in accordance with Rule 90002.F, which include certain of the Floating Rate Options to which the ISDA IBOR Fallbacks apply, e.g.: USD-LIBOR-BBA, GBP-LIBOR-BBA, etc. CME will add a note to each relevant affected CME Rulebook Chapter to refer to the Clearing Advisory Notice regarding incorporation of the 2006 ISDA Definitions and the ISDA IBOR Fallbacks Supplement.

into the terms of any relevant trades accepted by CME for clearing from the date of implementation of the ISDA IBOR Fallbacks Supplement and the resulting amendment of the 2006 ISDA Definitions incorporated by reference into the relevant chapters of the CME Rulebook.[17]

Given the anticipated widespread adoption of the ISDA IBOR Fallbacks Protocol by the significant majority of market participants, in order to align with these market participants and the approach encouraged by global regulatory authorities, CME considers it necessary also to implement the ISDA IBOR Fallbacks into "legacy" CME cleared trades that remain outstanding at the effective time of implementation of the ISDA IBOR Fallbacks into the 2006 ISDA Definitions. The incorporation of ISDA IBOR Fallbacks into these "legacy" cleared contracts will promote close alignment of cleared and uncleared markets.

This Advisory Notice sets out the binding rules under which CME Clearing has implemented the ISDA IBOR Fallbacks into the CME Rulebook. The effect of this Advisory Notice is to:

- confirm the incorporation of the ISDA IBOR Fallbacks into the terms of all relevant "new" trades registered for clearing by CME from the ISDA IBOR Fallbacks Implementation Date; and
- amend the terms of all relevant outstanding CME cleared trades at the ISDA IBOR Fallbacks Implementation Date to incorporate the ISDA IBOR Fallbacks into each such cleared trade.

Capitalized terms used in this Advisory Notice but not defined in this Advisory Notice or the CME Rulebook shall have the meaning set out in the 2006 ISDA Definitions.

CME hereby makes the following changes to the CME Rulebook to implement the ISDA IBOR Fallbacks, which shall be binding on Clearing Members and position holders in cleared trades in all relevant IRS products from the ISDA IBOR Fallbacks Implementation Date:

**<u>Changes to the CME Rulebook to implement ISDA IBOR Fallbacks</u>**

1. From the effective date of implementation of the ISDA IBOR Fallbacks Supplement as determined by ISDA (the "Effective Date"):

    a. references to the 2006 ISDA Definitions in Chapters 900, 901 and 902 in the CME Rulebook shall be to the 2006 ISDA Definitions, as amended and supplemented by ISDA from time to time, including but not limited to those amendments and supplements set out in the ISDA IBOR Fallbacks Supplement; and

    b. capitalized terms used in Chapters 900, 901 and 902 in the CME Rulebook that are not otherwise defined in such Chapter or the other Chapters of the CME Rulebook shall have the meanings set forth in the 2006 ISDA Definitions, as amended and supplemented by ISDA from time to time, including but not limited to those amendments and supplements set out in the ISDA IBOR Fallbacks Supplement,

    in each case in respect of CME cleared trades in the following interest rate swap products (the "Affected Products"):

[17] The relevant CME IRS products are: (i) Interest Rate Swaps ("IRS") (GBP, CHF, USD, JPY (LIBOR), EURIBOR, BBSW, CDOR, HIBOR (non-LIBOR)) and (ii) Swaptions (USD 3M LIBOR (physical settlement, European expiry). Note that uncleared swaptions contracts that exercise into CME cleared swaps in these IRS products prior to the date of implementation will exercise into cleared swaps on the same terms as those in (i).

(i) Interest Rate Swaps ("IRS") except where the fixing date for the final coupon period falls before the Index Cessation Effective Date (as defined in the ISDA IBOR Fallbacks Supplement)[18]:

- GBP, CHF, USD, JPY (LIBOR);
- EURIBOR, BBSW, CDOR, HIBOR (non-LIBOR), SOR

(ii) Swaptions:

- USD 3M LIBOR (physical settlement, European expiry).

2. From the Effective Date:

    a. the contract terms of all trades in Affected Products accepted for clearing by CME will incorporate the ISDA IBOR Fallbacks for the relevant "Rate Option" set out in the ISDA IBOR Fallbacks Supplement; and

    b. the contract terms of all outstanding CME cleared trades in Affected Products will be deemed amended so as to incorporate the ISDA IBOR Fallbacks for the relevant "Rate Option" set out in the ISDA IBOR Fallbacks Supplement.

3. Rules 90103.A and 90204.A (Contract Modifications; CME Rules) shall not apply for the purposes of the modifications to the terms applicable to CME cleared contracts set out in this Advisory Notice.

4. The terms of this Advisory Notice are binding on Clearing Members and position holders in cleared trades in all Affected Products from the Effective Date. To the extent that there is any conflict between the CME Rulebook and the terms of this Advisory Notice, this Advisory Notice shall prevail.

Inquiries regarding the aforementioned may be directed to:


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[18] Note that FRAs are not included in the products within scope of this Advisory Notice.