



12 July 2019

The International Swaps and Derivatives Association
New York

By email: fallbackconsult@isda.org

Consultation on Pre-Cessation Issues for LIBOR and Certain other Interbank Offered Rates

The Australian Financial Markets Association (AFMA) welcomes the opportunity to make comment on the consultation concerning Pre-Cessation Issues for LIBOR and Certain other Interbank Offered Rates.

AFMA is a member-driven and policy-focused industry body that represents participants in Australia's financial markets and providers of wholesale banking services. AFMA's membership reflects the spectrum of industry participants including banks (both foreign and domestic), stockbrokers, dealers, market makers, market infrastructure providers and treasury corporations. AFMA has particular connection to the activities of the derivatives market in Australia.

The perspective we are providing is purely Australian and in the context of the consultation for which BBSW is not within scope. The fundamental concern that has arisen with regard to LIBOR, namely the discussion around a pre-cessation trigger to deal with the circumstance where the benchmark administrator's regulatory supervisor may announce that the benchmark is no longer representative, does not present as a market concern in Australia. While there are theoretical scenarios which can be envisaged giving rise to a pre-cessation trigger, in practice for Australia we could only foresee event driven triggers, such as announcements by the benchmark administrators that they are ceasing publication of a benchmark and no successor will continue its publication.

As a result, the proposed event driven cessation triggers are deemed sufficient for Australian purposes.

This leads to the conclusion that a pre-cessation trigger to address non-representativeness of a benchmark is not a necessity from the Australian perspective. Nevertheless, the adoption of such a trigger by means of amendments to the 2006 ISDA Definitions and through protocol(s) would merely add redundancy to Australian Master Agreements in relation to BBSW transactions and so is not deemed problematic.

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AFMA supports consistency between the recommendations of the Alternative Reference Rate Committee regarding fallback language as it concerns a pre-cessation trigger issued in May and the final position of ISDA on this matter, to achieve a general globally consistent approach.

AFMA is committed to working with ISDA on the issues associated with IBORs transition and will maintain our close dialogue through its Asia-Pacific representatives.

Please contact David Love either on 02 9776 7995 or by email dlove@afma.com.au if further clarification or elaboration is desired.

Yours sincerely

A handwritten signature in blue ink that reads "David Love". The signature is written in a cursive, flowing style.

David Love
General Counsel & International Adviser