

# ISDA Publishes 2020 IBOR Fallbacks Protocol and Supplement to Address for IBOR Discontinuation for Derivatives Transactions

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## **Quick Overview:**

- On October 23, 2020, ISDA published the ISDA 2020 IBOR Fallbacks Protocol and a related Supplement to the 2006 ISDA Definitions.
- The Protocol and the Supplement will amend ISDA's standard interest rate definitions to include robust contractual fallbacks for derivatives linked to LIBOR and other interbank offered (IBOR) rates, in anticipation of the discontinuation of such IBORs.
- The Supplement will update the industry standard 2006 ISDA Definitions with effect from January 25, 2021, and new derivatives transactions on or after such date that reference such definitions will include the new fallbacks.
- The Protocol provides an efficient, multi-lateral amendment process to allow market participants to apply the updated fallbacks into existing legacy derivatives transactions entered into with other parties adhering to the Protocol; like the Supplement, the Protocol will also apply the updated fallbacks to covered transactions between adhering parties with effect from January 25, 2021 (or, if later, the date on which both parties have adhered to the Protocol).
- Once the new IBOR fallbacks are incorporated into a particular transaction, the actual replacement of an IBOR will only occur upon the occurrence of one or more specified trigger events.
- Parties should carefully consider the details of the new IBOR fallbacks and their own need to modify legacy and new trades. Special attention should be given to the specified trigger events in the Protocol and the Supplement and other relevant details such as provisions governing spread adjustments.

Read the full article [here](#).