

• Swiss Banking

Frequently Asked Questions (FAQs) regarding (i) the 2023 version of the Supplemental Interest Rates, Risk Free Rates (RFR) and EONIA Definitions (“2023 Supplemental Definitions”) and (ii) the Floating Rate Options List (“Floating Rate Options List”) published on October 12, 2023

1. Do the 2023 Supplemental Definitions supersede the Supplemental Interest Rates, Risk Free Rates (RFR) and EONIA Definitions (version published on 30 October 2020) (the “2020 Supplemental Definitions”)?

Yes. From the date of the publication of the 2023 Supplemental Definitions, new transactions should only refer to the 2023 Supplemental Definitions and no longer to the 2020 Supplemental Definitions.

2. To what transactions do the 2023 Supplemental Definitions apply?

The 2023 Supplemental Definitions apply to transactions referring to interest rates when entered into under a Swiss Master Agreement for OTC Derivative Instruments published by the Swiss Bankers Association or a deemed Swiss Master Agreement for OTC Derivative Instruments entered into by reference thereto in a Confirmation, provided that the parties refer to the terms of the 2023 Supplemental Definitions in the Confirmation documenting the transaction (e.g. by referring to the “Supplemental Definitions” after the time of publication of the 2023 Supplemental Definitions).

3. What are the main differences of the 2023 Supplemental Definitions compared to the 2020 Supplemental Definitions?

The 2023 Supplemental Definitions update the 2020 Supplemental Definitions by aligning them to the 2021 ISDA Definitions, in particular on the following points:

- (1) To the extent that a benchmark is used that reflects the rate of return in the relevant market overnight (Overnight Rate), the 2023 Supplemental Definitions provide for the relevant documentation to calculate the relevant cashflows by reference to either:
 - a. one of the following Overnight Rate Compounding Methods: OIS Compounding, Compounding with Lookback, Compounding with Observation Period Shift, Compounding with Lockout or any other method of compounding an overnight rate that is set out in the Confirmation, as applicable; or
 - b. one of the following Overnight Rate Averaging Methods: Overnight Averaging, Averaging with Lookback, Averaging with Observation Period Shift, Averaging with Lockout or any other method of averaging an overnight rate that is set out in the Confirmation.
- (2) The relevant Floating Rates are defined in the Floating Rate Options List, which is published separately from the 2023 Supplemental Definitions and is incorporated into a transaction in its most recent version at the time the parties to a transaction refer to the 2023 Supplemental Definitions in the Confirmation documenting the transaction.
- (3) Straight Compounding shall be the relevant compounding method for the calculation of any Floating Amounts other than with respect to Overnight Rates.
- (4) The 2023 Supplemental Definitions include of Temporary Non-Publication Fallbacks.

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- (5) The 2023 Supplemental Definitions include Permanent Cessation Fallbacks not only for a Relevant IBOR.
- (6) The 2023 Supplemental Definitions align the rules regarding the occurrence of an Administrator/Benchmark Event with the 2021 ISDA Definitions.

4. Do the 2023 Supplemental Definitions include Permanent Cessation Fallbacks for Relevant IBORs?

Yes. The Permanent Cessation Fallbacks for Relevant IBORs remain the same as included in the 2020 Supplemental Definitions.

The terms specified in, or applicable pursuant to, the relevant sections of the Attachment to the ISDA 2020 IBOR Fallbacks Protocol, as published by ISDA, are applicable. This continues to be relevant for instance for transactions with cashflows based on EURIBOR rates.

5. Do the 2023 Supplemental Definitions include definitions for EONIA?

Yes. The definitions for the calculation of EONIA and the fallbacks for EONIA (EONIA Compound rates and EONIA Average) are incorporated in the Floating Rate Options List.

6. What happens in the event that the parties to a transaction specify an Overnight Right, but they do not specify any specific “Overnight Rate Compounding Method” or “Overnight Rate Averaging Method”?

In such event, the Calculation Agent shall determine the rate in respect of the relevant Reset Date by applying one of the Overnight Rate Compounding Methods or Overnight Rate Averaging Methods as the applicable method, provided that the Calculation Agent shall make such determination taking into account the method the parties would have selected, acting reasonably and in good faith, in the opinion of the Calculation Agent as the applicable method for such transaction. The Calculation Agent shall take into account for such determination the practices in the international derivatives market and all available information that it considers relevant for the type of transaction concerned.

7. Do the definitions for RFRs in the 2023 Supplemental Definitions apply to Credit Support Appendices?

No, unless otherwise agreed between the parties.

8. Will the 2023 Supplemental Definitions or the Floating Rate Options List be amended further?

They may be amended from time to time. The current version will be published from time to time on www.swissbanking.ch and labelled as such.

It is expected that the Floating Rate Options List may be updated more frequently than the 2023 Supplemental Definitions.

All versions of the Floating Rate Options List will be available on the website of the Swiss Bankers Association.

By referring to the “Supplemental Definitions”, the parties to a transaction will be deemed to have made a reference to the most recent version of the Supplemental Definitions and the Floating Rate Options List, as published at the time the reference is made.