

## Index Announcement

# Consultation on the Proposed Cessation of the Bloomberg Short-Term Bank Yield Index ("BSBY")

## Background

The Bloomberg Short-Term Bank Yield Index (BSBY) was designed as a cost of funding benchmark for lending markets. BSBY is a dynamic, credit sensitive rate which reflects marginal funding costs for Overnight (O/N), 1M, 3M, 6M and 12M tenors. BSBY has been published and calculated daily by Bloomberg Index Services Limited (BISL) since March 2021 using data from underlying markets based upon a transparent methodology.

BISL is seeking feedback on a proposal to cease the publication of BSBY as a benchmark<sup>1</sup>, following a review of commercial opportunities for BSBY. Specifically, BSBY's usage within financial products is limited and unlikely to see significant growth, resulting in insufficient usage of the benchmark.

For the avoidance of doubt, **this consultation is not a statement by the Administrator of a cessation of the benchmark, BSBY**, as such terminology is typically referenced in contractual arrangements to trigger the use of alternative, fallback rates.

In accordance with the Methodology<sup>2</sup>, "BISL may from time to time terminate one or more BSBY tenors or the Index as a whole (as applicable, "**Discontinued BSBY Rates**"), whether due to changes in market structure, a lack of requisite input data, insufficient usage, or due to other regulatory or practical concerns."

The BISL Product, Risk and Operations Committee (PROC) has reviewed and approved a proposal to cease the publication of BSBY. BISL is now consulting with market participants on a proposed cessation.

The results of this consultation process, and any determination to proceed with a cessation of BSBY, will be subject to the oversight of the Benchmark Oversight Committee (BOC) and the approval of the BISL board of directors. Market participants will be provided at least 12 months advance written notice of a cessation of BSBY.

## Request for Feedback

The consultation review period is open from **September 13<sup>th</sup>, 2023**, through **October 13<sup>th</sup>, 2023**. Please use the below questionnaire and **send responses to [indexconsult@bloomberg.net](mailto:indexconsult@bloomberg.net)** with the subject heading entitled, "**Response to Consultation on BSBY Cessation**". Responses received by other methods will not be considered.

**Please advise if you require your responses to be kept confidential.**

<sup>1</sup> BSBY is not available for use as a benchmark under UK Benchmark Regulation and must not be used as a benchmark in the United Kingdom.

<sup>2</sup> <https://assets.bbhub.io/professional/sites/27/BSBY-Methodology-Document-Aug-2022.pdf>

## Consultation Questionnaire

### Contact Information

|   |  |
|---|--|
| <b>Name</b>                                     |  |
| Position  |  |
| Company   |  |
| Contact Information (Phone/Email)<br>(Optional) |  |

### Questions

1. Do you have existing financial products such as loans, bonds, or open positions in swaps and/or futures referencing BSBY?
  - a. If so, can you provide an approximate quantum as to the number of products, counterparties, and notional exposures?
2. What is the longest maturity exposure you have to BSBY and against what tenor?
3. Which BSBY tenors do you have exposure to in financial products?
4. Do you have fallback arrangements written into your financial contracts?
5. Do you receive BSBY data from a licensed distributor other than Bloomberg?
  - a. If so, which distributor(s)?
  - b. If BSBY were discontinued, would you require the continued receipt of BSBY data through such licensed distributor(s) for the entire 12-month cessation notice period?
6. If BISL were to maintain BSBY for 12 months but restrict use of BSBY in new financial products and other contracts following, for example, 90 days' notice, are you able to make alternative arrangements following such 90 days' notice?
7. Can you summarize what, if any, commercial impact on your business will arise from the termination of BSBY?
8. Do you have any further comments or observations on the proposed cessation of BSBY?
9. Do you require BISL to keep your responses confidential?

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