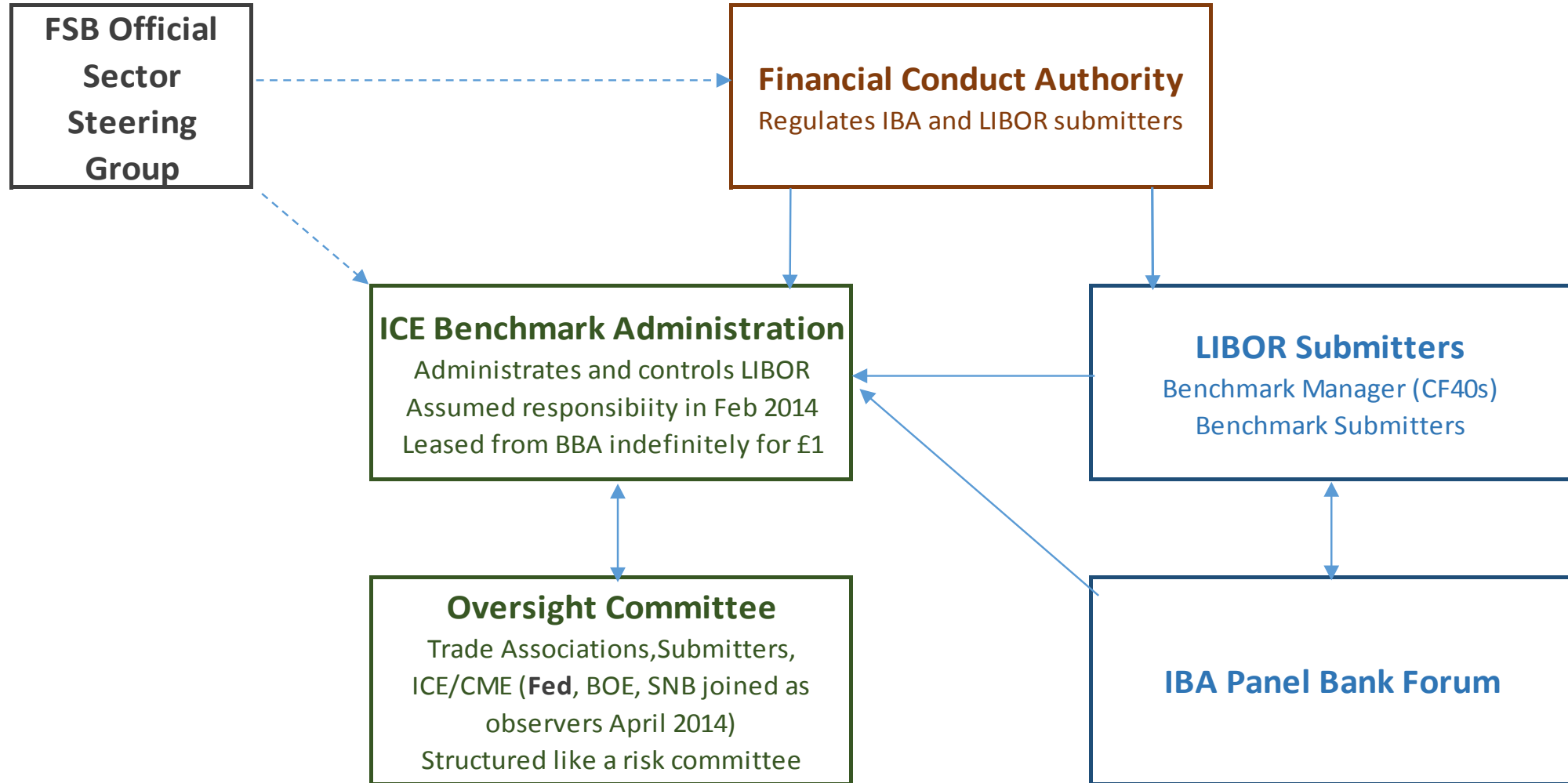


The Structure of LIBOR Oversight, Submission and Consultation



Oversight Committee Members

OVERSIGHT COMMITTEE	
Joanna Perkins (Chair)	IBA
David Bowman	Federal Reserve System
David Clark	WMBA
Clare Dawson	LMA
Chris Salmon	Bank of England
David Goone	ICE Futures
John Grout	The Association of Corporate Treasurers
George Handjinicolaou	ISDA
John Harding	ICE
Richard Kennedy	UBS
Brad Hurrell	Barclays
Sébastien Kraenzlin	Swiss National Bank
Kevin Ludwick	Bank of Tokyo Mitsubishi
Guy Sears	IMA
Frederick Sturm	CME Group
Paul Watson	HSBC

Goals for LIBOR

- Widen LIBOR definition to directly include more unsecured transactions
 - Current question (“At what rate could you borrow funds, were you to do so by asking for and then accepting interbank offers in a reasonable market size just prior to 11am London time?”) does not reflect current funding patterns.
 - Question could be amended or dropped and a clearer statement of what LIBOR is intended to measure (bank unsecured funding cost) put in place
 - We believe the IBA position paper is reflective of this general viewpoint.
- To the extent possible, codify submissions based directly on or using reasonable models translating observed transactions into LIBOR submissions
 - Individual banks have made some progress but progress is not uniform and somewhat slow
 - IBA has now received submitting bank’s transactions data for most of 2014, which may help the process.
- For USD LIBOR, consider whether a fully-transaction based rate is feasible and advisable, dropping the USD LIBOR panel altogether
 - Federal Reserve is analyzing data collected from FR2420 as well as CP data provided by DTCC
 - Statistically, a rate can be produced, but its robustness, usefulness, and practicality are all open questions and it would involve using transactions over a potentially long time span in any given day’s calculation.
- Even if all these goals are ultimately met, we would still have financial stability concerns with LIBOR