

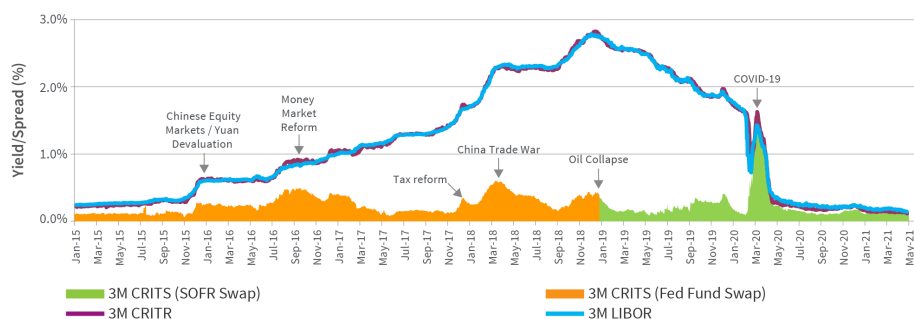


USD Credit Inclusive Term Rate (CRITR) & Spread (CRITS)

A series of dynamic rates that measure U.S. Dollar cost of funding in institutional markets

The IHS Markit USD Credit Inclusive Term Rate (CRITR) & Credit Inclusive Term Spread (CRITS) are designed to be a broad-based measure of funding levels for banking institutions funding in U.S. Dollar, in institutional markets, on a senior unsecured basis.

IHS Markit USD Credit Inclusive Term Rate (CRITR) and Spread (CRITS): 3M (Jan 1, 2015 - May 21, 2021)



Source: IHS Markit

© 2021 IHS Markit

KEY STATS

\$300 trillion
Estimated USD LIBOR notional exposure (Q1-2021)

31-Dec-2021
No new transactions allowed on USD LIBOR

30-Jun-2023
USD LIBOR expected cessation date

KEY BENEFITS

Adoption Flexibility

Use CRITS and apply to SOFR compounded, averaged or term SOFR, as well as other benchmarks lacking a dynamic credit component; or use CRITR for more simplicity

Timeliness and Stability

Methodology that balances stability and reactivity

Data Availability

A broad-based, deep dataset to support a robust methodology

For more information on the products and services from IHS Markit, please contact us at sales@ihsmarkit.com

Spread and All-in Rate: IHS Markit will publish both a spread and an all-in rate to facilitate the transition for firms that cannot use a spread or prefer to use a single rate versus a base rate plus a spread adjustment add-on.

Methodology: The USD CRITR and CRITS are the first credit sensitive rates to utilize a wide-ranging constituent base that uses virtually all USD institutional certificate of deposit, commercial paper, and corporate bond transactions issued by banking institutions.

The rules-based methodology is publicly disclosed. It leverages unique data, index and technology capabilities coupled with a robust compliance framework. The spread and rate are available in the following tenors: 1-day, 1-month, 3-month, 6-month and 12-months.

Governance: IHS Markit plans for CRITR and CRITS to be administered by IHS Markit Benchmark Administration Ltd. (IMBA UK) in compliance with the UK Benchmark Regulation and the IOSCO Principles for Financial Benchmarks, subject to necessary regulatory and internal approvals.

History: Data filtering thresholds have been chosen to ensure appropriate rates during the entire 5-year test period including stressed market conditions in March 2020.

Use Case: CRITR and CRITS help firms with the task of minimizing value transfer on legacy USD LIBOR positions at LIBOR cessation date, as a standalone rate, an add-on to SOFR, and an alternative to more static fallback rates.

They can also be used as a proactive strategy to move away from USD LIBOR across fixed income products, loans, CLOs as well as OTC derivative instruments, providing a credit sensitive exposure for those cases where SOFR by itself is not a suitable replacement rate.