



ASF Market Guideline on BBSW fallback provisions

November 2022

1 Definition of BBSW

“**BBSW Rate**”ⁱ means, for an Interest Determination Date, subject to clause [#] (*Temporary Disruption Fallback*) and clause [#] (*Permanent Discontinuation Fallback*), the per annum rate expressed as a decimal which is the level of BBSW for a period of one month provided by the Administrator and published as of the Publication Time on that Interest Determination Date.

2 Temporary Disruption Fallback

Subject to clause [#] (*Permanent Discontinuation Fallback*), if a Temporary Disruption Trigger occurs in respect of an Applicable Benchmark Rate, the rate for any day for which that Temporary Disruption Trigger is continuing and that Applicable Benchmark Rate is required will be the rate determined in accordance with the Temporary Disruption Fallback for that Applicable Benchmark Rate.

3 Permanent Discontinuation Fallback

If a Permanent Discontinuation Trigger occurs in respect of an Applicable Benchmark Rate, the rate for any Interest Determination Date which occurs on or following the applicable Permanent Fallback Effective Date will be the Fallback Rate determined in accordance with the Permanent Discontinuation Fallback for that Applicable Benchmark Rate.

4 Decisions and determinations are final and conclusive

All determinations, decisions, calculations, settings and elections required by [this clause [#]] and any related definitions are to be made by the [Calculation Agent]. Any such determination, decision, calculation, setting or election, including (without limitation) any determination with respect to the level of a benchmark, rate or spread, the adjustment of a benchmark, rate or spread or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error, may be made in the [Calculation Agent]’s sole discretion and, notwithstanding anything to the contrary in [the Transaction Documents], will become effective as made without any requirement for the consent or approval of [Noteholders] any other person.

5 Other provisions

[This drafting includes key provisions to be included in the “Interest Rate” provisions of the Note Deed Poll (or equivalent). It assumes that these provisions already include the basic rate infrastructure (such as the calculation of the “Interest Rate” as, for example, a reference rate plus a margin). These provisions are to be included to replace and supplement the reference rate provisions within that

infrastructure. Parties should ensure that the required infrastructure is included in their documents before adding these provisions. In addition, parties should ensure that their infrastructure includes relevant supporting provisions, such as:

- (a) provisions requiring notification of rate of changes effected in accordance with the fallback provisions be given to noteholders and each designated rating agency;
- (b) provisions permitting the making of consequential amendment/tidy up rights without consent;
- (c) appropriate rounding provisions; and
- (d) appropriate business day definitions and provisions.

Parties may also wish to consider whether to include additional/alternative amendment provisions for additional future proofing – for example a veto based amendment right for future benchmark developments/material change to market practices, rather than relying solely on a traditional consent based amendment right.]

6 Other definitions

“Adjustment Spread” means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

- (a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using industry-accepted practices, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or
- (b) if no such median can be determined in accordance with para (a), set using the method for calculating or determining such adjustment spread determined by the [Calculation Agent] to be appropriate or, if the [Calculation Agent] is unable to determine the quantum of, or a formula or methodology for determining, such adjustment spread, then as determined by an alternative financial institution (appointed by the [Manager] in its sole discretion) acting in good faith and in a commercially reasonable manner.

“Adjustment Spread Fixing Date” means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate.

“Administrator” means:

- (a) in respect of the BBSW Rate, ASX Benchmarks Limited (ABN 38 616 075 417);
- (b) in respect of AONIA, the Reserve Bank of Australia; and
- (c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

or in each case, any successor administrator or, as applicable, any successor administrator or provider.

“Administrator Recommended Rate” means the rate formally recommended for use as the replacement for the BBSW Rate by the Administrator of the BBSW Rate.

“**Applicable Benchmark Rate**” means initially, the BBSW Rate or, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate as applicable at such time in accordance with this clause [#].

“**AONIA**” means the Australian dollar interbank overnight cash rate (known as AONIA).

“**AONIA Fallback Rate**” means, in respect of an Interest Determination Date, the rate determined by the [Calculation Agent] to be Compounded Daily AONIA for that Interest Determination Date plus the Adjustment Spread.

“**BBSW**” means the Australian dollar mid-rate benchmark for prime bank eligible securities (known as the Australian Bank Bill Swap Rate or BBSW).

“**Bloomberg**” means Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time), as the provider of term adjusted AONIA and the spread.

“**Bloomberg Adjustment Spread**” means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg, on the Fallback Rate (AONIA) Screen (or by other means) or provided to, and published by, authorised distributors.

“**Compounded Daily AONIA**” means, in respect of an Interest Determination Date, the rate which is the rate of return of a daily compound interest investment, calculated in accordance with the formula below:ⁱⁱ

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{AONIA_{i-5BD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

d means the number of calendar days in the relevant Interest Period;

d₀ means the number of [Business Days] in the Interest Period;

AONIA_{i-5BD} means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator [and published as of the Publication Time] for the [Business Day] falling [five] [Business Days] prior to such [Business Day] “*t*”;

i is a series of whole numbers from 1 to *d₀*, each representing the relevant [Business Day] in chronological order from (and including) the first [Business Day] in the relevant Interest Period to (and including) the last [Business Day] in such Interest Period; and

n_i for any [Business Day] “*t*”, means the number of calendar days from (and including) such Business Day “*t*” up to (but excluding) the following [Business Day].

If for any reason Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on [(and including)] the first day of that period and ending on [(but excluding)] the last day of that period.

“Fallback Rate” means, in respect of a Permanent Discontinuation Fallback for an Applicable Benchmark Rate, the rate that applies to replace that Applicable Benchmark Rate in accordance with the definition of Permanent Discontinuation Fallback.

When calculating interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that interest will be calculated as if references to the BBSW Rate were references to that Fallback Rate. When calculating interest in circumstances where the Final Fallback Rate applies, that interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate.

“Fallback Rate (AONIA) Screen” means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg Screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

“Final Fallback Rate” means, in respect of an Applicable Benchmark Rate, the rate:

- (a) determined by the [Calculation Agent] as a commercially reasonable alternative for the Applicable Benchmark Rate taking into account all available information that in good faith it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and / or futures exchanges with representative trade volumes in derivatives or futures referencing that Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this paragraph (a);
- (b) if the [Calculation Agent] is unable or unwilling to determine a reasonable alternative, determined by an alternative financial institution (appointed by the [Manager] in its sole discretion) acting in good faith and in a commercially reasonable manner; or
- (c) if and for so long as the [Manager] is unable to appoint an alternative financial institution or the appointed alternative financial institution is unable or unwilling to determine a rate in accordance with paragraph (b), which is the last provided or published level of that Applicable Benchmark Rate.

“Interest Determination Date” means, in respect of an Interest Period:

- (a) where the BBSW Rate applies or the Final Fallback Rate applies under paragraph (a)(iii) of the definition of Permanent Discontinuation Fallback, the first day of that [Interest Period]; and
- (b) otherwise, the [fifth] [Business Day] prior to the last day of that Interest Period,ⁱⁱⁱ

subject in each case to adjustment in accordance with the [Business Day Convention].

“Non-Representative” means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate:

- (a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and

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- (b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor (howsoever described) in contracts.

“Permanent Discontinuation Fallback”^{iv} means, in respect of:

- (a) the BBSW Rate, that the rate for any day for which the BBSW Rate is required on or after the BBSW Rate Permanent Fallback Effective Date will be:
- (i) if at the time the BBSW Rate Permanent Fallback Effective Date occurs, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Fallback Rate;
 - (ii) if at the time the BBSW Rate Permanent Fallback Effective Date occurs, an AONIA Permanent Fallback Effective Date has occurred, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and
 - (iii) if neither paragraph (i) nor paragraph (ii) above apply, the Final Fallback Rate;
- (b) AONIA, that the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be:
- (i) if at the time the AONIA Permanent Fallback Effective Date occurs, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and
 - (ii) if paragraph (i) above does not apply, the Final Fallback Rate; and
- (c) the RBA Recommended Rate, that the rate for any day for which the RBA Recommended Rate is required on or after the RBA Recommended Rate Permanent Fallback Effective Date will be the Final Fallback Rate.

“Permanent Discontinuation Trigger” means, in respect of an Applicable Benchmark Rate:

- (a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official with jurisdiction over the Administrator for the Applicable Benchmark Rate, a resolution authority with jurisdiction over the Administrator for the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator for the Applicable Benchmark Rate, which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

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- (c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the [Notes] or that its use will be subject to restrictions or adverse consequences;
 - (d) it has become unlawful for the [Calculation Agent] or any other party responsible for calculations of interest under the [Conditions] to calculate any payments due to be made to any [Noteholder] using the Applicable Benchmark Rate;
 - (e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or
 - (f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis.

“Permanent Fallback Effective Date” means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

- (a) in the case of paragraphs (a) and (b) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;
- (b) in the case of paragraphs (c) and (d) of the definition of “Permanent Discontinuation Trigger”, the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);
- (c) in the case of paragraph (e) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rates continues to be published or provided on such date; or
- (d) in the case of paragraph (f) of the definition of “Permanent Discontinuation Trigger”, the date that event occurs.

“Publication Time” means:

- (a) in respect of the BBSW Rate, 12.00pm (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for the BBSW Rate in its benchmark methodology; and
- (b) in respect of AONIA, 4pm (Australian Eastern Standard Time (AEST)/Australian Eastern Daylight Time (AEDT)) or any amended publication time for the final intraday refix of such rate specified by the Administrator for AONIA in its benchmark methodology.

“RBA Recommended Fallback Rate” has the same meaning given to AONIA Fallback Rate but with necessary adjustments to substitute all references to AONIA with corresponding references to the RBA Recommended Rate.

“RBA Recommended Rate” means, in respect of any relevant day (including any day “i”), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the

Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor, in respect of that day.

“Supervisor” means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate.

“Supervisor Recommended Rate” means the rate formally recommended for use as the replacement for the BBSW Rate by the Supervisor of the BBSW Rate.

“Temporary Disruption Trigger” means, in respect of any Applicable Benchmark Rate which is required for any determination:

- (a) the Applicable Benchmark Rate in respect of the day for which it is required has not been published by the Administrator or an authorised distributor and is not otherwise provided by the Administrator by the date on which that Applicable Benchmark Rate is required;^v or
- (b) the Applicable Benchmark Rate is published or provided but the [Calculation Agent] determines that there is an obvious or proven error in that rate.

“Temporary Disruption Fallback” means, in respect of:

- (a) the BBSW Rate, that the rate for any day for which the BBSW Rate is required will be the first rate available in the following order of precedence:
 - (i) firstly, the Administrator Recommended Rate;
 - (ii) next, the Supervisor Recommended Rate; and
 - (iii) lastly, the Final Fallback Rate;
- (b) AONIA, that the rate for any day for which AONIA is required will be the last provided or published level of AONIA; or
- (c) the RBA Recommended Rate, that the rate for any day for which the RBA Recommended Rate is required will be the last provided or published level of that RBA Recommended Rate (or if no such rate has been provided or published, the last provided or published level of AONIA).

ⁱ Note that this drafting intentionally defines the “BBSW Rate” as the “Applicable Benchmark Rate” to which triggers apply inclusive of its tenor, such that disruptions are intended to apply in the context of that tenor. This drafting has been prepared on the basis that the parties have selected one month BBSW as the reference rate for their transaction. Parties may, however, wish to use primary rates other than BBSW (such as but not limited to AONIA) and tenors other than one month (such as but not limited to 3 months), and nothing in the publication of this drafting restricts the choices that may be made by parties in selecting the appropriate rate and tenor for their transactions. However, if a rate and tenor other than one month BBSW is used, parties should consider whether the fallbacks

used in this drafting are appropriate for that rate and tenor, and/or whether adjustments to the fallbacks and/or drafting are required.

ii This drafting provides for compounding with lookback (but without an observation period shift). Parties may choose to use other elections, but if they do so will need to consider appropriate amendments to this drafting.

iii This drafting suggests 5BDs to allow for most determination dates. The appropriate lookback should be confirmed in the context of transaction details and adjustments made if appropriate.

iv This is a suggested waterfall only. Parties may prefer to use other waterfalls, such as but not limited to a fallback to 3 month BBSW or a rate interpolated between continuing rates and/or tenors. Other drafting considerations will apply if the waterfall is altered.

v If there is a systems or operational time sensitivity for rate setting, parties may add a publication cut-off time here.

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