

**Summary of public consultations on the discontinuation of provision of the WIBID[®] and WIBOR[®]
Reference Rates for the 1Y Fixing Tenor**

Communique of GPW Benchmark on the summary of public consultations

- The Administrator carried out the public consultations in view of the limited scope of application of the WIBOR for the 1Y Fixing Tenor and taking into account the lowest Transactionality Level assigned to this Fixing Tenor among all Fixing Tenors and implementing the recommendation of the Polish Financial Supervision Authority to carry out such consultations on the basis of the aforementioned premises.
- The responses of entities that participated in the consultations indicate that the optimal date for discontinuing the provision of the WIBID and WIBOR Reference Rates for the 1Y Fixing Tenor is January 2, 2025.
- This change affects the scope of Input Data contributed by Fixing Participants in a range of Committed Quotes and Model Quotes.
- Changes in the Administrator's documentation will take place at the beginning of 2024, and technological changes will be made immediately thereafter by the Administrator, Fixing Participants, and distributors.
- The Administrator informs in advance about the discontinuation of provision of the 1Y Fixing Tenor from January 2, 2025 in order to carry out necessary adjustments in the documentation or financial instruments and agreements that relate to the 1Y Fixing Tenor by entities applying it.

In the *Summary of the Cyclical Review of the Method for Determining the WIBID and WIBOR Reference Rates, including the Waterfall Method, and the mandatory assessment of their ability to measure relevant market or economic reality*¹, The Administrator indicated the limited scope of application of the WIBOR for the 1Y Fixing Tenor and the lowest transactionality level assigned to this Fixing Tenor among all Fixing Tenors.

The public consultations were carried out due to the recommendation of the Polish Financial Supervision Authority resulting from its own assessment of the benchmark's ability to measure the underlying market and economic realities. The Authority pointed out the low transactionality level of the WIBOR for the 1Y Fixing Tenor and its low level of application on domestic financial market.

During the public consultations period the Polish Financial Supervision Authority published revised statistics on the scale of use of benchmarks in the domestic financial market², which confirm the clearly limited scope of use of the WIBID and WIBOR Reference Rates for the 1Y Fixing Tenor and in some cases confirm the declining trajectory of this exposure as in the case of registered bonds.

The Administrator published the consultation paper *Discontinuation of provision of WIBID[®] and WIBOR[®] Reference Rates for 1Y Fixing Tenor* on its website on August 25, 2023 for Polish financial market entities. Consultations for this group ended on September 22, 2023. Consultations for foreign

¹ [Cyclical Review of the Method for Determining the WIBID and WIBOR Reference Rates, including the Waterfall Method and the mandatory assessment of their ability to measure relevant market or economic reality. Summary of findings, July 7th, 2023](#)

² [Economic data – Polish Financial Supervision Authority \(knf.gov.pl\)](#)

entities began on September 4, 2023, and ended on October 2, 2023³. For the avoidance of any doubt, the Administrator notes that the consultations do not concern a material change of the WIBID and WIBOR Reference Rates Method, as described in the consultation paper.

The questionnaire was sent to a group of external stakeholders, which include data contributors, users of the index or benchmark, including primarily entities using the WIBID® and WIBOR® Reference Rates on the basis of a signed agreement, industry associations, the National Bank of Poland, public authorities and public administration.

The consultation results together with the Report on Change in Method were presented during the meeting of the Oversight Committee of Interest Rate Benchmarks. In the light of the arguments and the consultation results, the Oversight Committee agreed to the management board's request concerning the change of the WIBID and WIBOR Reference Rate method applying to the discontinuation of its provision for the 1Y Fixing Tenor from January 2, 2025.

The summary of the public consultations along with the position of the Oversight Committee was submitted to The Polish Financial Supervision Authority, which in the separate correspondence confirmed the correct implementation of its recommendation by the Administrator and did not raise any comments on the proposed deadline of the discontinuation of provision of the WIBID and WIBOR Reference Rates for the 1Y Fixing Tenor.

Due to the finalisation of the acceptance process, Administrator presents below consultation results and its summary.

Consultation results:

The Administrator received 34 responses to the consultation paper, including: 31 completed questionnaires (30 from Polish institutions and 1 from a foreign institution), as well as 3 responses from foreign institutions that reported no exposure to the 1Y Fixing Tenor and no formal comments from their stakeholders.

In response to question #1 which stated:

Question 1: From my institution's point of view, the earliest possible date for the discontinuation of provision of the WIBID® and WIBOR® Reference Rates for the 1Y Fixing Tenor is:

- ☐ January 2, 2024
- ☐ July 1, 2024
- ☐ January 2, 2025
- ☐ other date (specify the date):

³ The Administrator agreed that one of the foreign entities would provide a response with a delay of several days.

32% (11 institutions) indicated January 2, 2025 as the earliest possible date for the discontinuation of provision of the WIBID and WIBOR Reference Rates, 21% – January 2, 2024, and 9% – July 1, 2024. This means that **for 62% of the entities that sent back the completed questionnaire, January 2, 2025 is an acceptable date for discontinuation of provision of the 1Y Fixing Tenor**. The Fixing Participants pointed out the need for adequate time to review planned business activities (consultation of activities with the clients of some entities) in connection with the possible discontinuation of provision of the Reference Rates for the 1Y Fixing Tenor, the reconstruction of IT systems used by banks, including, in particular, an adequate planning period for changes to the Model Quote System (in the case of the Fixing Participants), which was also pointed out by the Administrator in the consultation paper, internal processes and changes to procedures and documentation.

The full range of the respondents' answers is presented in Table 1.

Table 1. The earliest possible date to discontinue provision of the WIBID® and WIBOR® Reference Rates for the 1Y Fixing Tenor indicated in public consultations

Question 1. date of discontinuation	Number of responses	Share %
July 1, 2024	3	9%
January 2, 2024	7	21%
January 2, 2025	11	32%
other date (specify the date): December 1, 2026	1	3%
other date (specify the date): February 28, 2026	1	3%
other date (specify the date): in accordance with the roadmap of the National Working Group for benchmark reform	1	3%
other date (specify the date): along with the discontinuation of the remaining Fixing Tenors	3	9%
other date (specify the date): January 1, 2026	1	3%
other date (specify the date): December 31, 2030	1	3%
no answer	5	15%
Total	34	100%

According to the table above, the entities indicated later dates that were beyond the Administrator's recommendations and questions, thus referring to their own portfolio of products and instruments maturing on a given date in the future. Some entities indicated that in the case of the use of benchmarks the attempts to annex contracts (including in terms of implementing fallback clauses) have very limited effectiveness, while others reported that despite their preference for a later date they would adjust to the decision on the discontinuation date. Many entities argued that the discontinuation date for the 1Y Fixing Tenor Reference Rates should be linked to the cessation date for the WIBID and WIBOR Reference Rates. Some entities raising this argument pointed to the assumption of linking the discontinuation of provision of the WIBID and WIBOR Reference Rates to the expected legislative solutions allowing the implementation of a replacement benchmark, which would mitigate the risks arising from the limited effectiveness of the entities' actions in this area. It cannot be ruled

out that if a different Roadmap for the reform of interest rate benchmarks had been in effect during the public consultations period, the responses of some entities might have been different⁴.

Question 2 concerned certain principles regarding the provision of the WIBID and WIBOR Reference Rates in light of the impact of discontinuation of provision of the Reference Rates for the 1Y Fixing Tenor on other elements of the method. Question 2 stated:

Question 2: I support maintaining the existing rules for assigning Fixing Tenors to Transactions, as defined in paragraph 5 of the Model Quote Specification (Annex 8 to the WIBID[®] and WIBOR[®] Fixing Participant Code of Conduct), in terms of the range (expressed in calendar days) around the date 6 months forward from the currency date of a given transaction, which determines the range of maturity dates that qualify such a transaction to the 6M Fixing Tenor. The current range is defined at +/-30 calendar days.

- ☐ yes;
- ☐ no; I am in favour of a symmetrical broadening of the range to +/- 35
- ☐ no; I am in favour of a symmetrical broadening of the range to +/- 40
- ☐ no; I am in favour of a symmetrical broadening of the range to +/- 45
- ☐ no; I am in favour of a symmetrical broadening of the range to +/- 50
- ☐ no; I am in favour of an asymmetric right-side broadening of the range for the 6M Fixing Tenor

In response to this question, the vast majority of entities that answered supported the Administrator's recommendation outlined in the consultation paper: **68% of institutions (23 entities) expressed support for maintaining the current range defined at +/- 30 calendar days**, 29% did not respond (10 entities) and 3% (1 entity) indicated a symmetrical broadening of the range to +/-40 calendar days. Considering the lack of response as a lack of a position on the matter, it should be considered that almost 100% of respondents agreed with the Administrator's recommendation in this regard. The submitted justifications indicated that the broadening of the range improves to a limited extent the Transactionality Level of the 6M Fixing Tenor, while at the same time it contributes to the lowering of the Transactionality Level of the 3M Fixing Tenor, thus supporting the Administrator's reasoning provided in the consultation paper.

Summary of public consultations:

The responses of entities that participated in the consultations seem to indicate that the optimal date for discontinuing the provision of the WIBID and WIBOR Reference Rates for the 1Y Fixing Tenor is January 2, 2025. In light of the responses to the questions presented in the consultation paper, the Administrator notes that some of the entities that participated in the consultations indicated the date of January 2, 2025 for the discontinuation of provision of the WIBID and WIBOR Reference Rates for

⁴ Public consultations were carried out before the announcement of changes implemented in the Roadmap by the Steering Committee of National Working Group for benchmark reform
https://www.knf.gov.pl/dla_rynku/Wskazniki_referencyjne?articleId=85108&p_id=18

the 1Y Fixing Tenor, arguing support for this date on the grounds that it is linked to the schedule of the Roadmap for the reform of interest rate benchmarks adopted by the Steering Committee of the National Working Group for benchmark reform in September 2022 (about 15% of the entities that responded explicitly referred to this fact).

The Roadmap, adopted in September 2022, included an assumption on the readiness of financial market participants for cessation of the WIBID and WIBOR Reference Rates at the end of 2024. Therefore, some consultation participants emphasized the justification of linking the consulted date of discontinuation of provision of the Reference Rates for the 1Y Fixing Tenor with the target date indicated in the Roadmap for the completion of the interest rate benchmarks reform. There were entities that indicated that only specifying a replacement benchmark would allow for reducing the risk arising from exposure to a benchmark in a financial agreement in which the entity does not have the ability to introduce fallback clauses and annexing these agreements is very difficult. Some entities pointed to the complex and multifaceted nature of the reform and indicated that it is not desirable to generate additional exceptions in the process.

Given that the argumentation of consultation participants was sometimes related to the Roadmap that has been in force since September 2022, this means that in the case of its absence the answers to the questions asked could be different for some entities. Nevertheless, there were financial entities that expressed readiness for the Administrator's proposed change earlier than on January 2, 2025, but confirmed the need for sufficient time to ensure adequate preparation for strategic, business, legal and documentation changes.

During the consultations few entities referred to the transactionality aspect of the benchmark – some respondents only noted that an important aspect was the benchmark's ability to measure the underlying market, i.e. its representativeness. However, these entities did not have product exposure to the analysed Fixing Tenor.

The Administrator emphasizes that in the scope of ongoing activities consultations were conducted only regarding the 1Y Fixing Tenor due to the characteristics of this tenor related to the scope of its application and the eligible transactions pool it represents. In the Administrator's opinion, the decision to discontinue provision of the 1Y Fixing Tenor should, while setting it at a sufficiently distant date, encourage entities to carry out the necessary adjustments in documentation or contracts and financial instruments that refer to 1Y Fixing Tenor, and in the case of building a medium-term strategy to focus on (a) applying and using other Fixing Tenors for Reference Rates or using a fixed interest rate, (b) introducing appropriate fallback clauses in the absence of such clauses in the documentation templates used to date, and (c) preparing a strategy for a possible future decision on cessation of provision of the WIBID and WIBOR Reference Rates, including cessation of provision of the WIBOR critical benchmark for all Fixing Tenors.

The Administrator takes note of information on the limited effectiveness of past actions related to the annexation of agreements or implementation of fallback clauses, however, considering the Administrator's communication in advance of the planned discontinuation of provision of a given benchmark for a given Fixing Tenor, there may be larger likelihood of a positive response to such actions within the domestic financial sector. The Administrator also points out that, taking into account global standards for longer Fixing Tenors, the introduced replacement benchmarks did not guarantee solutions that were completely risk-free or transition-cost-free, and in the case of longer maturities the standard is to replace them with replacement benchmarks with shorter maturities. The Administrator also points out that within the work of the National Working Group for benchmark

reform the participating entities did not indicate the need for provision of a 1Y compound rate index (GPW Benchmark does not provide such an index) and that the other Fixing Tenors of the WIBID and WIBOR Reference Rates will still be provided.

Information on the results of the consultations was presented to the Oversight Committee of Interest Rate Benchmarks. The Oversight Committee, in light of the presented arguments and the results of the consultations, supported the Administrator's recommendation that the date of the discontinuation of provision of the WIBID and WIBOR Reference Rates for the 1Y Fixing Tenor be January 2, 2025.

The Administrator's documentation will be prepared and published after its approval by the Oversight Committee in 1Q2024.