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29 September 2015

To,

ICE Benchmark Administration Limited
Milton Gate, 60 Chiswell St, London
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Introduction

The Associates in Capital Markets Ltd. (ACAPM) is a consulting firm, with focus on new regulations. ACAPM collaborates with financial institutions in the areas of Benchmark, Volcker, BCBS 239 and Mifid II to take advantage of new regulation to improve governance and built resilient financial institutions.

The ACAPM welcomes the opportunity to provide feedback on the ICE LIBOR – Second Position Paper, dated on 31st July 2015.

The ACAPM recognises the goals and objectives of ICE is to develop a consistent measure with regard to LIBOR governance and submission methodology, while keeping in mind the directions of FSB and other regulators. In principle, we support all the efforts of IBA. We are of the view waterfall methodology provides better representation of LIBOR rates

We, however, have some reservation on “Proposed changes in LIBOR Submissions”. ACAPM’s feedback is in the following section.

Regards,

Cornelius Nandyal

Partner, Associates in Capital Market Ltd.

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ICE BENCHMARK ADMINISTRATION LIMITED

SECOND POSITION PAPER ON THE EVOLUTION OF ICE LIBOR

CONSULTATION QUESTIONS

Please provide your feedback on or before **FRIDAY 16 OCTOBER 2015**

Name of respondent	Cornelius Nandyal
Position	Partner
Organisation (if any)	Associates in Capital Markets
Contact telephone	077192 176 84

Q1 Do you agree in principle with using corporates as counterparty types? Yes No

If No, please explain your rationale.

Q2 Do you think that transactions with Corporates as counterparty should be included with no premium or discount to adjust the transacted prices? Yes No

We believe transactions with corporates should be included for those firms with credit rating above certain rating.

Q3 Do you think that the minimum size threshold should be increased for transactions with Corporates? Yes No

If Yes, please explain your rationale and state what you think the increase in the threshold should be.

Q4 Do you agree with IBA's proposal to maintain an Approved List of Funding Locations? Yes No

If No, please explain your rationale.

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- Q5 Do you agree that no weighting should be applied to adjust the transacted prices from different funding locations? Yes No

We agree for no weighting should applied for different funding location, but our concern is with regard to current LIBOR definition, "At what rate could you borrow funds,..... just prior to 11 am London time?" some funding location transaction may not represent LIBOR definition.

- Q6 Which of the four implementation options do you think is best?
1 2 3 4 other (please specify)

Please explain your rationale.

- Q7 Would you find any of the implementation options problematic? Yes No

Please explain your rationale.

- Q8 Do you think that LIBOR should be determined by reference to a point in time (e.g. as of 11.00 London time) or by reference to a period of time (e.g. a 24 hour window)?

LIBOR should be referenced to the point in time.

- Q9 If you think that LIBOR should be determined by reference to a point in time, what time would be optimal in your view?

Please state your preferred timing and explain your rationale.

We prefer current timing

- Q10 If you think LIBOR should be determined by reference to a point in time, would you be in favour of weighting transactions during the preceding data collection period so that transactions closer to publication time are given relatively greater weight?

Yes No

Please explain your rationale.

Yes, but it will be very complex to implement with all other constrains.

- Q11 If you think that LIBOR should be determined over a period of time, what period would be optimal in your view?

Please state your preferred timing and explain your rationale if you have not done so in response to the questions above.

Q12 What do you think would be the impact of moving to a period of time for different product types (e.g. derivatives, options, loans)?

Q13 Do you think that there would be merit in treating the Overnight tenors differently because of the different value date? Yes No

Please explain the rationale for your response.

Q14 Do you agree with using FRNs / FCDs to supplement the Level 1 transaction types if necessary? Yes No

If No, please explain your rationale.

Q15 Are there any other transaction types that you think could be used to supplement the Level I transaction types? Yes No

If Yes, please specify the transaction type(s) and explain your rationale.

Q16 Do you agree with using the counterparty types with no premium or discount to adjust the transacted prices? Yes No

If No, please explain your rationale.

Q17 Where do you see the balance between, on the one hand, a threshold size that mitigates potential manipulation and, on the other hand, a threshold that does not unduly exclude transactions and is representative of the wholesale market?

Please explain your rationale.

Q18 Which of the thresholds do you think is more appropriate?

10m + 2 trades 25m + 3 trades

Please explain your rationale.

This will be an opportunity to include more trades, in turn more market representation.

Q19 Would you prefer a different minimum size and / or minimum number of transactions?

Yes No

Please describe the scenario and explain your rationale.

Q20 Do you think that a uniform threshold size should be applied across all currencies or that different thresholds should apply to different currencies/tenors? Yes No

Please explain your rationale.

Q21 Do you agree with tenor bucketing in principle? Yes No

Please explain your rationale.

Q22 Do you agree with the proposed tenor bucketing? Yes No

Please explain your rationale.

Yes, except 6M, would prefer upper level to 240

Q23 Do you think that different considerations should apply over month / quarter / year ends (when there is typically higher volatility in some currencies)? Yes No

Please explain your rationale.

Q24 Do you agree with using transactions from previous day(s)? Yes No

Please explain your rationale.

Q25 Do you agree with adjusting transactions from previous day(s)? Yes No

Please explain your rationale.

This supports markets at stress times.

Q26 Do you agree with the box of days for which historical transactions can have an effect on submissions (assuming that the bank was not able to revert to Level 1 inputs in that time)?

Yes No

Please explain your rationale.

Q27 Do you agree with IBA's proposed decomposition formula for interpolation? Yes No

Please explain your rationale.

Q28 Would you prefer linear interpolation? Yes No

Please explain your rationale.

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Simple, easy to audit

Q29 Do you agree that interpolation should not be applied to ON or 1W tenors? Yes No

If No, please explain your rationale.

Q30 Do you think that interpolation with more than one tenor gap is acceptable? (e.g. if a bank has transactions for the 1M and 6M tenors, can the 2M and 3M tenors be interpolated?)

Yes No

Please explain your rationale.

Q31 What are your views, in the absence of anchor points in the relevant currency, on interpolation from transactions in other currencies (e.g. EUR and USD for CHF and JPY) using FX swaps?

We are not in support of this method

Q32 Do you agree with the application of linear extrapolation or the decomposition formula?

Please explain your rationale.

Q33 Do you agree that extrapolation should not be applied to the ON or 1W tenors (because they are shorter, more liquid and more volatile)? Yes No

If No, please explain your rationale.

Q34 Do you agree that a bank having more than two points on the curve should use interpolation and then parallel shifts? Yes No

If No, please explain your rationale.

Q35 What are your views on whether extrapolation should only be used to inform shorter tenors as they may not reflect the credit element and liquidity of longer ones (e.g. a 3M trade can be used to extrapolate a 2M tenor but not 6M)?

Please explain your rationale.

Q36 Do you agree with using Expert Adjustments in the Scenarios? Yes No

Please explain your rationale.

Using Expert Adjustments in the scenarios supports basic idea of determining LIBOR using observed transaction with exception to certain scenarios. The scenario mentioned in position paper support better determination of LIBOR

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- Q37 Do you agree with the ways in which Expert Adjustments could be applied, i.e. by changing the inputs or utilising expert judgement? Yes No

Please explain your rationale.

- Q38 Do you agree with the ways in which Expert Judgement should be framed? Yes No

Please explain your rationale.

- Q39 What conditions do you think would need to exist to attract banks to become Benchmark Submitters?

Please outline your thoughts on such conditions.

- Q40 Do you think that the need for the Administrator's Question falls away? Yes No

Please explain your rationale.

- Q41 Do you agree in principle with having a concise description of LIBOR for users of the benchmark? Yes No

If No, please explain your rationale.

- Q42 Do you have any comments on IBA's proposed description of LIBOR for users of the benchmark? Yes No

If Yes, please propose comments.

It is not reflecting calculation time; and also "every London business day" instead of just "London business day"

- Q43 Do you think that the methodology to calculate LIBOR should be changed? Yes No

Please explain your rationale.

Number of submitters considered for daily LIBOR calibration "k" should not be fixed, it should be dynamic list from the panel banks

- Q44 What would you see as the implications of changing the calculation methodology?

- Q45 Which of the possible other calculation methodologies do you prefer?

Please explain your rationale.

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Instead of "Trimmed Mean" using ""Adaptive Trimmed Mean" (ATM)

Q46 Is there an alternative calculation methodology that you would prefer?

Please describe the methodology and explain your rationale.

""Adaptive Trimmed Mean" (ATM)

Q47 Do you agree that individual submissions should be published after three months on a non-attributed rather than on an attributed basis? Yes No

If No, please explain your rationale.

IBA invites you to raise any other considerations that you think should be included to further enhance the LIBOR reforms. Please state here whether you are including any further feedback:

Yes No

Please provide your feedback on or before **Friday 16 October 2015** to:

IBA@theice.com

Or by post to:

ICE Benchmark Administration Limited
Milton Gate
60 Chiswell Street
London
EC1Y 4SA.

Please state the number of additional pages attached:



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Response to Consultation Questions

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Contact telephone	077192 176 84

Adaptive trimmed mean (ATM) - Clarification

Following is the additional information, IBA requested about - Adaptive trimmed mean (ATM).

At Associates in Capital Markets, we believe that there are several ways as to how Benchmark manipulations can be controlled.

- Rates submitted by benchmark submitters not being published
- Increasing the size of submitters pool
- Dynamic submitters pool
- Negative incentives for financial institutions continuously submitting the rate too wide from the final rates (Standard Deviation)
- Changing the model from Trimmed mean to Adaptive mean

We are aware that IBA is continuously addressing above points and also other key issues.

On the concept of Adaptive trimmed mean (ATM) -

Trimmed Mean model is based on a predetermined factor “q”, where q-highest and q-lowest observations are trimmed or removed and observations from the remaining population are averaged. This can also be based on the number of submitters list.

In Adaptive trimmed mean, “q” need not be consistent or predetermined, this can be adapted dynamically according to other considerations.

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