

## Cabinet News and Views

Informed analysis for the financial services industry



### Bye-bye BSBY?



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Earlier this week, Bloomberg Information Services Limited (“BISL”) [announced](#) that it is seeking feedback on a proposal to cease the publication of the Bloomberg Short-Term Bank Yield Index (“BSBY”) “following a review of commercial opportunities for BSBY.” BSBY was originally developed by BISL as an alternative to the secured overnight financing rate (“SOFR”), the rate widely endorsed as the replacement for USD LIBOR. Unlike SOFR, BSBY was designed as an index of credit sensitive reference rates that reflects bank credit spreads and a forward term structure.

BISL’s announcement follows a [statement](#) issued on July 3, 2023 by the International Organization of Securities Commissions (“IOSCO”) that certain credit sensitive rates exhibit “some of the same inherent ... weaknesses as LIBOR” that, absent modification, “may threaten market integrity and financial stability.”

In the announcement, BISL stated that “BSBY’s usage within financial products is limited and unlikely to see significant growth, resulting in insufficient usage of the benchmark.” BISL was clear that the consultation itself is not intended to trigger typical contract provisions regarding the use of alternative, fallback rates.

Feedback on the proposal is due by October 13, 2023.

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