

Dear CLIENT,

The International Swaps and Derivatives Association (“ISDA”) published the ISDA 2020 IBOR Fallbacks Protocol (“the Protocol”) and Supplement to the 2006 ISDA Definitions (“the Supplement”) on October 23, 2020. Our records indicate that your organization has one or more legacy derivative contract referencing certain IBORs and has not yet adhered to the Protocol. We would like to take this opportunity to remind you that the Protocol becomes effective on January 25, 2021. Bank of Montreal, BMO Harris Bank, N.A., and BMO Europe PLC (collectively “BMO”) have adhered and are here to answer any questions you may have.

What is the Protocol and Supplement?

ISDA’s Protocol and the Supplement will help facilitate the transition from Interbank Offered Rates (“IBORs”) and other impacted rates, such as CDOR, to Alternative Reference Rates (“ARRs”) for derivatives and other similar products.

- The Supplement includes updated fallback language that addresses the permanent cessation of certain rates impacted by the transition.
- All derivatives transactions entered into on or after January 25, 2021 referencing the 2006 ISDA Definitions will include the new fallback language and be transition ready.
- Adhering to the Protocol will allow the updated fallback language to be incorporated into legacy derivatives transactions.
- Adherence for non-ISDA Primary Members is free until January 25, 2021, after which it will be USD \$500.

While not all impacted reference rates will transition at the same time, the Protocol will amend all legacy derivatives contracts to include the updated fallback language. This will permit those transactions to remain in place upon the discontinuation of the current rate.

What should you do?

If you have not already done so, we encourage you to review the transactions for your organization or any entities that you are trading on behalf of to assess any potential impacts of the transition. Please feel free to reach out with any general questions on the transition or the Protocol as BMO is here as an informative resource. We do, however, encourage you to seek independent legal, financial, tax, accounting, regulatory or other appropriate advice in this respect.

If you are prepared to adhere to the Protocol, please visit [ISDA’s website](#). There you will find a link to adhere as well as other useful transition resources.

Where can I find out more about the IBOR Transition?

For additional information on the Protocol or the IBOR Transition please visit [BMO’s IBOR Transition website](#). Alternatively, please reach out to BMO’s IBOR Transition Office at IBOR.TransitionOffice@bmo.com or your BMO representative.

Sincerely,

BMO IBOR Transition Office