Proposed changes in relation to certain benchmarks linked to USD LIBOR – consultation period starting 21 January 2022

DBIQ acting as or on behalf of the index administrator (however so described) (the "**Index Administrator**") of each benchmark in the lists referenced below proposes to make certain changes to the methodology of such benchmarks and hereby provides notice that there will be period of consultation with users of such benchmarks in respect of such changes running from (and including) the date of this notice and up to (and including) 11 February 2022.

A full list of directly affected benchmarks is available in Appendix 1 (*List of Directly Affected Indices*).

A list of benchmarks dependent on the directly affected benchmarks is available in Appendix 2 (*List of Dependent Indices*).

Proposed changes

The relevant benchmarks currently reference United States dollar ("**USD**") LIBOR, a USD swap curve based on USD LIBOR rates and instruments linked to USD LIBOR and/or a futures contract linked to USD LIBOR (or, in respect of the benchmarks listed in Appendix 2 (*List of Dependent Indices*), reference one or more such relevant benchmarks). In accordance with the "Change in Methodology" provisions of the benchmarks, the Index Administrator proposes to amend the methodology of the benchmarks such that they will instead reference the Secured Overnight Financing Rate (SOFR), a USD swap curve based upon SOFR and/or a futures contract of the relevant tenor linked to SOFR, as applicable. Furthermore, where the title of any relevant benchmark reflects the reliance on USD LIBOR (whether directly or by reference to any applicable floating rate period) the title of such benchmark will be updated to reflect the changes described in this paragraph.

Reasons for the change

On 5 March 2021, the Financial Conduct Authority (FCA) confirmed, amongst other things, that certain United USD LIBOR settings (being the 1-week and 2-month USD LIBOR settings) will either cease to be provided by any administrator or no longer be representative immediately after 31 December 2021 and the remaining USD settings will cease immediately after 30 June 2023. Details of the FCA announcement are available here: https://www.fca.org.uk/news/press-releases/announcements-end-libor.

On 16 June 2021, the FCA and the Bank of England encouraged marked participants to switch from USD LIBOR to SOFR in USD interest rate swap markets referencing USD LIBOR from 26 July 2021. Details of the FCA's announcement are available here: https://www.fca.org.uk/news/news-stories/fca-bank-england-sofr-us-dollar-interest-rate-swap-markets.

The Alternative Reference Rates Committee (ARRC) is a group of private-market participants convened by the Federal Reserve and the New York Fed to ensure the transition from USD LIBOR to robust reference rates. In 2017, the ARRC selected SOFR as the rate that represents best practice for use in USD derivatives as an alternative to USD LIBOR and on 29 July 2021, the ARRC announced the formal recommendation of SOFR for derivatives and other financial contracts including interest rate swaps. Details of the ARRC's announcement are available here: https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2021/ARRC_Press_Release_Term_SOFR.pdf.

In view of the both the discontinuation, and the forthcoming anticipated discontinuation, of USD LIBOR, the associated industry-wide transition to risk free rate based instruments and encouragement and recommendation by the FCA, Bank of England and ARRC to adopt SOFR from July 2021, the Index Administrator is of the view that the representativeness of the benchmarks in respect of the economic reality they are intended to measure, and their appropriateness as a reference for financial instruments and contracts, would be put at risk in the absence of the proposed material change. The Index Administrator proposes to make this change in advance of the anticipated discontinuation of USD LIBOR, in line with FCA and ARRC guidance and as pricing data and liquidity in the SOFR swaps market is now sufficient to provide an appropriate basis of reference.

Impact of the change

If the proposed change is implemented, from and including the date of the change, the relevant benchmark will reference a SOFR based swap curve in place of a USD LIBOR-based swap curve and/or a SOFR-derived rate in place of USD LIBOR and/or a futures contract of the equivalent maturity linked to SOFR, as applicable. It is impossible to predict either how a SOFR-based swap curve as compared with a USD LIBOR-based swap curve, or the substitution of USD LIBOR with a SOFR-derived rate, or the substitution of a futures contract linked to SOFR as compared with a futures contract linked or USD LIBOR, will affect a benchmark going forward. Although past performance is not an indicator of future performance, the Index Administrator has performed an analysis using historic data and concluded that the performance of the USD LIBOR-based swap curve and the SOFR-based swap curve and/or USD LIBOR swap instruments with SOFR-derived swap instruments and/or futures contracts linked to SOFR and futures contracts linked or USD LIBOR, in each case for a given tenor, are correlated and meet consistent economic objectives. Further details are available on request from the Index Administrator for users of the relevant benchmark at: index.data@db.com

For a discussion of the different rate-based swaps, and the relative factors that may be reasonably expected to affect such rates, users are invited to contact the Index Administrator at: index.data@db.com

User feedback

Users are invited to provide feedback on the proposed change during the consultation period. In order to provide such feedback, or for further details in respect of the proposed change including the potential impact on any relevant benchmark, please contact your Deutsche Bank representative or the DBIQ team at: index.data@db.com

Results of the consultation

The Index Administrator will consider feedback on the proposal received during the consultation period and, if appropriate, will consider amending or implementing the proposal on this basis. The Index Administrator will notify users of the outcome of the consultation and the timeline for the implementation of any changes.

Appendix 1 – List of Directly Affected Indices

Index Name	Ticker
DB FRB USD Index	DBFRUU
DB Pulse USD Index	DBPPULSU
DB Rates Momentum G4 – USD Index	DBMOR4U
Deutsche Bank Trends S USD Index	DBTRDSUS
DB Trends USD Index	DBTRDUSD
DBFRB USD Index (2)	DBFRUU2
DB Pulse Basket Index	DBPPULSB
DB Rates Momentum G4 EUR Index	DBMOR4E
DB Rates Momentum G4 USD Index	DBMOR4U
DB Pulse Select Index	DBPPULSS

Appendix 2 – List of Dependent Indices

Index Name	Ticker
DB Enhanced Smart Beta 4.5% TV AUD Hedged Index	DBACEB45
DB Enhanced Smart Beta 4.5% TV Index	DBACEU45
DB FRB Basket Hedged USD Index	DBFRUBHE
DB Global Ascent III USD Hedged to AUD Index	DBAC12A3
DB Global Ascent III USD Index	DBAC12U3
Global Ascent	DBACG12U
Global Ascent II – EUR Index	DBAC12E2
Global Ascent II – USD Index	DBAC12U2
FRB Basket Index	DBFRUQ
DB FRB USD Hedged EUR Index	DBFRUHE
DB FRB Basket Hedged EUR Index	DBFRUBHU
FRB Basket Tranche 2 Index	DBFRUQ2