# LIBOR Transition

Market update:
May 16-31, 2021

**213** days to **December 31, 2021**
**759** **June 30, 2023**

## 1 Highlights

### Quarles testimony to the House Committee on Financial Services

**What happened?** During recent testimony in front of the House Financial Services Committee, Fed Vice Chair Randal Quarles once more fielded questions on the transition away from LIBOR. Quarles repeated that the use of LIBOR in new contracts after this year represented a safety and soundness concern and that the Fed would "supervise firms so that their new contracts cannot be written on it." When pressed on whether SOFR is "the best rate" to replace LIBOR, Quarles noted "the position of the Federal Reserve is that banks need to prepare for the transition, not that they must transition to a particular rate."

Later on in the same hearing, when asked about the issue of tough legacy LIBOR exposures, Quarles reiterated that "there's really no way to address that other than legislation."

**Our take:** Congressional hearings don't always allow for nuanced or detailed discussion, given the limited time allotted to questions and answers. Quarles' concession that market participants are free to choose a suitable replacement for USD LIBOR isn't new. But as we've noted before, market participants shouldn't latch on to a single sound bite as a wholesale endorsement of credit-sensitive alternatives. The reality is undoubtedly more complex, as has been shown by the stern warnings issued by the FRB NY's John Williams and the Bank of England's (BOE's) Andrew Bailey at the ARRC's recent SOFR symposium.

In the derivative markets, SOFR is poised to become the primary replacement rate for USD LIBOR. It has been specified as fallback for USD LIBOR-based derivative transactions subject to the ISDA IBOR Fallbacks protocol.



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Similarly, the central counterparties (CCPs) have proposed a preemptive conversion of legacy LIBOR contracts to market-standard OIS trades based on SOFR.

The situation is somewhat more nuanced In the cash markets. SOFR has been specified as fallback in the ARRC's recommended fallback language currently being employed across a variety of cash products. It will also serve as fallback for contracts subject to New York State legislation — and potential federal legislation — to address legacy contracts lacking adequate fallback language. Identifying a singular "safe harbor," i.e., SOFR, may be a practical necessity for such legislation, as it promotes predictability and equitable treatment of legacy contracts. Aligning cash market products and their derivative hedges to a SOFR fallback is also desirable.

For the issuance of new cash products, however, additional options are becoming available to participants. These include different flavors of SOFR (including simple average, in advance, compounded in arrears or even term SOFR), as well as credit-sensitive and other alternative rates. In fact, these options are also available in the preemptive remediation of legacy contracts. However, firms should ensure that all parties to new contracts or an amendment process understand the details around how such rates are derived; how they may behave under different economic scenarios, accounting and tax implications; and other risks associated with their use. That becomes even more important when the economic terms of a proactive amendment diverge from the "standard" SOFR fallbacks.

## ARRC selects future administrator of SOFR term rate

**What happened?** The Alternative Reference Rate Committee (ARRC) announced the selection of the CME Group as the future administrator of a forward-looking SOFR term rate. The ARRC has not yet formally recommended a SOFR term rate, as that recommendation remains dependent on continued progress against a series of market indicators the committee published earlier this month. While the CME launched its forward-looking SOFR term rate (for limited use in cash products) earlier this year, a formal ARRC recommendation of a term rate is important in the context of its recommended fallback language for cash products, which stipulates an ARRC-recommended term rate as the first replacement option at the point of USD LIBOR's cessation.

**Our take:** The selection of the CME as future administrator reduces the level of uncertainty around term SOFR. With the rate already being published as it awaits the ARRC's endorsement, market participants will have an opportunity to familiarize themselves with its characteristics and behavior.

It's worth repeating that a formal recommendation of a SOFR term rate by the ARRC isn't explicitly required for a market participant to use CME Term SOFR in cash contracts today. Many lenders, however, will wonder whether it is worth drawing attention to yourself by using a SOFR term rate prior to the ARRC making a recommendation. Once the ARRC formally endorses the rate, usage in new products is almost certain to increase almost immediately.

Thankfully, the ARRC's formal recommendation might not be that far off. Given the banking regulators' de facto prohibition on new USD LIBOR transactions after the end of the year, it seems reasonable to assume that liquidity in instruments indexed to an overnight version of SOFR will develop further over the next six months or so. That would allow the ARRC to conclude that its previously communicated criteria necessary for an endorsement of a term rate have been met.

Once term SOFR becomes more widely adopted in new products, there is a chance that it might take some of the wind out of the sails of credit-sensitive alternatives. A term rate has long been desired by a segment of the market keen on operational ease. With the ability to have the rate known at the beginning of the interest period, using term SOFR would operationally (if not economically) feel a lot like using a forward-looking rate such as LIBOR. Today, some market participants are looking to forward-looking credit-sensitive alternatives out of concerns about the complexities of using a daily in-arrears rate. At least some of them might look to term SOFR as a preferred alternative, once it becomes available.

## ECB concerns about legacy exposures

**What happened?** The European Central Bank (ECB) published a supervision newsletter on the results of its December 2020 assessment of banks' legacy exposures to EONIA, EURIBOR and LIBOR. Compared to the prior survey conducted at the end of 2019, results of the assessment show a significant decrease in the number of contracts referencing LIBOR or EONIA. At the same time, total exposures to LIBOR and EONIA decreased by only about 11.5%, while exposures to EURIBOR have even increased slightly.

The newsletter noted that while banks had made clear progress in reducing deposits and debt securities tied

to EONIA, significant exposures remain in loans and derivatives that are not centrally cleared. In the case of contracts expiring after EONIA's and LIBOR's cessation on December 31, 2021, there is transition risk associated with a lack of fallback language. In fact, 41% of long-dated EONIA contracts and 53% of LIBOR-based contracts maturing after December 31, 2021, lack appropriate provisions that would address the respective benchmark's permanent cessation. A similar observation was made in the case of EURIBOR, with 67% of contracts lacking fallback clauses.

The ECB stressed that banks should "thoroughly and continuously assess their preparedness" for benchmark reforms and work to reduce legacy exposures. Banks are urged to cease the use of LIBOR in new contracts as soon as possible, suggesting that banks' progress would be closely monitored.

**Our take:** Given the sizeable exposures to USD LIBOR in the European markets, its continued publication into 2023 will provide some additional breathing room not only to US organizations, but to their European counterparts as well. As work on new USD products based on RFRs continues, the additional time afforded to address USD legacy exposures should allow banks to accelerate the transition of legacy exposures tied to other benchmarks. The large proportion of contracts not containing appropriate fallback provisions should provide an additional cause for urgency.

With only about seven months to go, firms cannot afford to slow their efforts — or even continue at the same pace. The amendment process can be time- and resource-intensive. For instance, many firms will likely find the transition from EONIA to €STR, with respect to Credit Support Annexes (CSAs) supporting derivative transactions, to be rather challenging. As many buy-side clients have been slow in ramping up their transition programs — and other firms are struggling with prioritization and capacity issues — several rounds of communication with counterparties may be required.

The ECB's request for firms to "step up their efforts to introduce fallback provisions" is consistent with the European Benchmarks Regulation (EU BMR), which requires banks to have robust plans for the cessation of critical benchmarks and to reflect those plans in its contractual agreements. While the EU BMR stops short of requiring specific contractual fallbacks, the Working Group on Euro RFR's recommendations for €STR-based EURIBOR fallbacks provide concrete guidance. With the ECB directly calling out the need for robust fallback provisions, any firm ignoring the Euro WG's recommendation might find itself at the receiving end of pointed questions from its regulators.

## FCA consultation on tough legacy powers

**What happened?** The Financial Conduct Authority (FCA) published a consultation paper on the proposed use of its new powers to restrict the use of synthetic LIBOR and to prohibit the use of USD LIBOR beyond year-end 2021[1]. Responses are due by June 17, 2021.

Under amendments made to the UK Benchmarks Regulation (UK BMR) as part of the Financial Services Act 2021, the FCA was granted additional powers to address the issue of legacy LIBOR-based contracts that cannot reasonably be renegotiated or amended. To mitigate the risks associated with these contracts, the FCA is intending to mandate the continued publication of certain GBP and JPY LIBOR on a synthetic basis, i.e., under a calculation-based methodology that would no longer rely on panel bank submissions.

The first part of the consultation describes the factors the FCA would consider when deciding on the type and scope of contracts that would be permitted to reference such a synthetic LIBOR. The proposed considerations are far ranging, but generally relate to the risks to consumer protection and integrity resulting from restricting the use of synthetic LIBOR. The FCA describes considerations for the scale and nature of legacy contracts lacking adequate fallback conditions and the extent to which such contracts could reasonably be expected to be amended. Potential impacts to the liquidity of underlying benchmarks used in the calculation of synthetic LIBOR would also factor into the FCA's decision-making.

The second part of the consultation concerns potential restrictions on the use of a ceasing benchmark in new products. Here, the FCA's considerations revolve primarily around the degree to which limiting the use of a benchmark might impact financial stability, orderliness of transition away from the benchmark and potential system-wide operational risks.

In both cases, the FCA notes that it would consider international consistency and the degree to which it could clearly communicate to the market its criteria for either the use of synthetic LIBOR or restrictions on the use of LIBOR in new products.

The FCA plans to consult in Q3 2021 on its proposed decisions on precisely what legacy use it will allow for synthetic LIBOR, and how it might restrict new uses of LIBOR. Final guidance on both issues is expected in Q4 2021.

[1] *For additional details on the FCA's consultation read our publication At a Glance: FCA consults on tough legacy powers - take two*

**Our take:** The FCA explicitly references the US banking regulators' expectations for ending the use of USD LIBOR in new contracts. Having repeatedly stated its desire for international coordination, which was again repeated in the current consultation, it seems likely that the FCA will look to align itself to US guidance that's already in place.

Things get more complicated with respect to synthetic LIBOR. The FCA's consultation illustrates the mighty complexities surrounding the use of synthetic LIBOR, but it doesn't yet solve the puzzle. The biggest challenge might not even lie in deciding which contracts should be allowed to reference synthetic LIBOR — in many cases, the answers might be relatively straightforward. Even if there is broad agreement on the types and scope of contracts that should be permitted to continue referencing LIBOR, describing that population in fully unambiguous legislative terms might be nearly impossible.

It is telling that the ARRC's legislative solution, now implemented in New York State and under consideration at the federal level, did not even attempt to delineate contracts according to product type or any other attribute. Here, the scope includes any and all contracts that are either lacking or contain insufficient fallback language, irrespective of many of the considerations the FCA describes in its consultation.

Whatever shape the final guidance might take, firms will need to be prepared for a variety of outcomes. Some level of ambiguity should be expected, which may leave the door open to possible legal challenges. Those who haven't done so at this point should gain a thorough understanding of their contracts, embedded fallback provisions and other contractual attributes. Wherever proactive remediation is possible, firms should make every effort to do so, as the FCA's final guidance is likely to prioritize contracts in which an amendment is practically impossible — rather than merely tedious. For any contract that cannot be remediated prior to LIBOR's cessation, organizations should nevertheless consider the possibility that it might yet fall outside the scope of what is deemed permissible with respect to continued reference of synthetic LIBOR. Preparing now for the possibility of litigation should reduce the need to make potentially difficult and complex decisions on a compressed time frame in early 2022.

**ISDA IBOR Fallbacks Protocol adherence**
(as of May 31, 2021)

- 14,133 total entities (up from 14,067)
- 1,919 sign-ups on or after the effective date
- 29 out of 30 G-SIBs (unchanged)

*Source: ISDA*

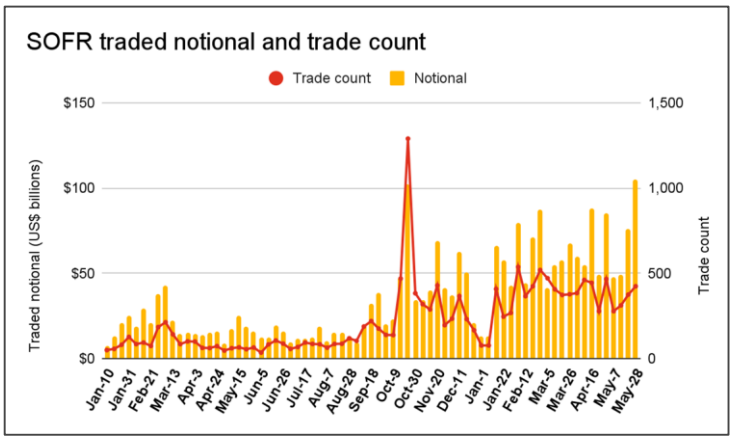
**LIBOR Transition: End 2021. Are the banks ready?**

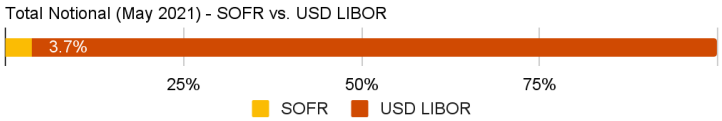
As we move closer to the end of 2021, banks are focusing on contract repapering and client outreach activities. Yet, a further ramp-up in activity is anticipated during the last two quarters of this year. Significant capacity constraints and resource challenges are on the horizon.

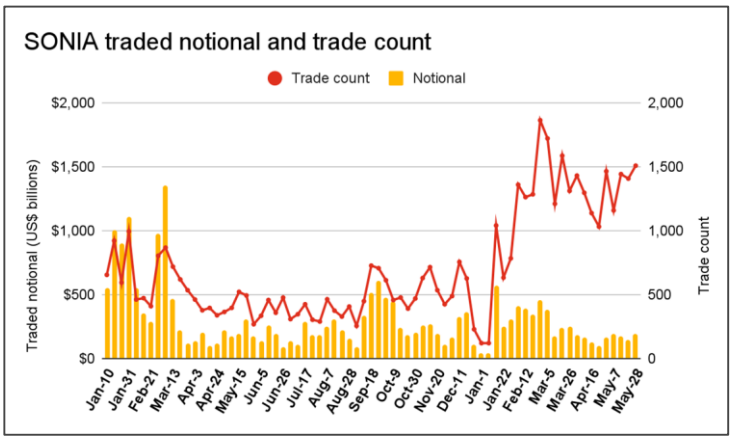
PwC's global LIBOR transition team recently concluded a series of client surveys and roundtables. The series explored industry readiness, the challenges banks are facing in tackling front-end contract remediation and client engagement activities, how they engage with Ops and IT teams to process these complex changes in back-end systems and how they manage dependencies on third-party vendors and market infrastructure providers. Read our blog and listen to the short podcast **HERE**.

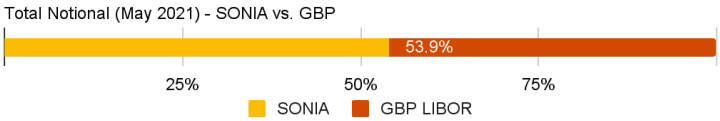

# 2 RFR adoption: Derivatives

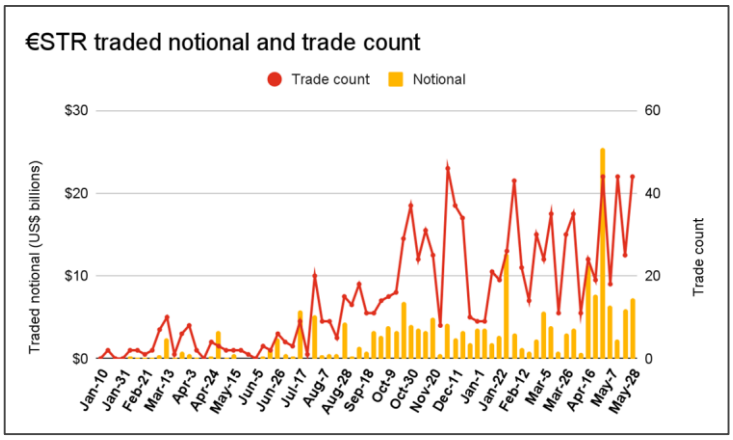
## Swaps trading

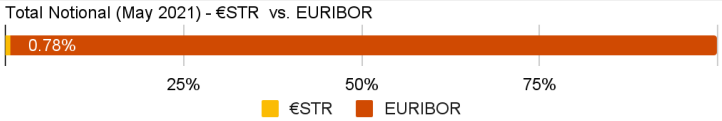


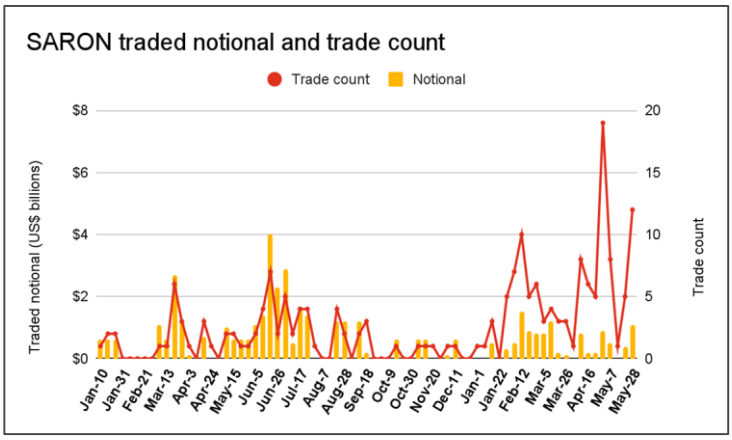



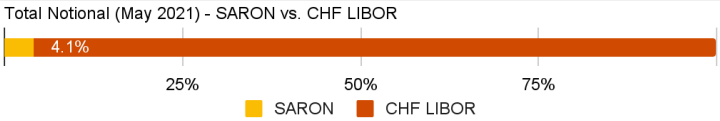



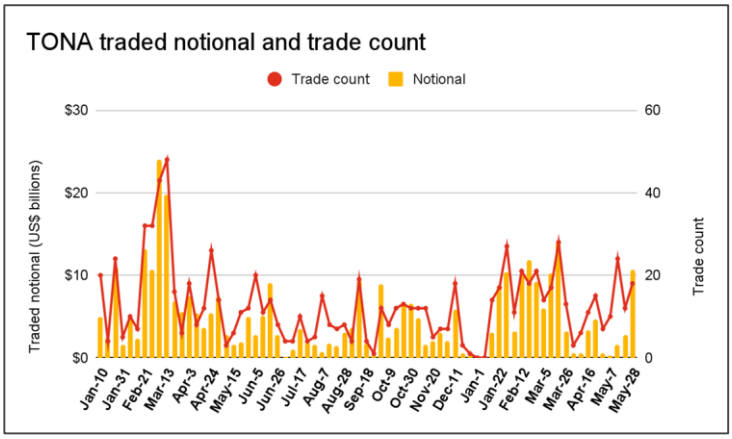



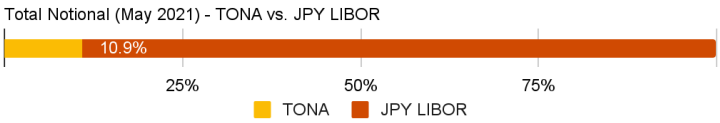




**Our take:** The FCA and BOE had encouraged market participants to switch quoting conventions for inter-dealer trading in non-linear derivatives (i.e. swaptions, options and other derivatives with non-linear payoff functions) to SONIA beginning on May 11. That milestone has now passed — and the market saw volumes in GBP swaptions based on SONIA increase sharply. GBP derivative markets now look ahead to the target date for an end to issuances of new non-linear GBP LIBOR derivatives at the end of the month.

Traded notional in SOFR swaps reached an all-time high in the final week of May. With just over $100 billion, the weekly notional surpassed the previous high set at the time of the CCP switch to SOFR for PAI and discounting.

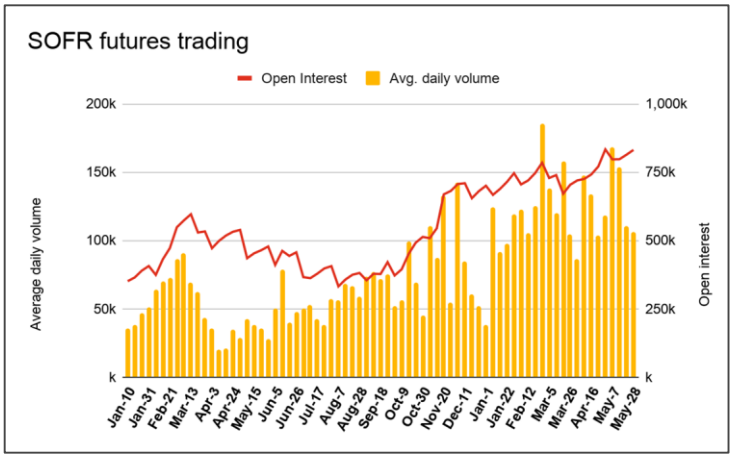
Trading in SONIA swaps continued their steady upward momentum, with total notional in SONIA swaps for the month of May eclipsing that of GBP LIBOR swaps for the first time since December 2020.



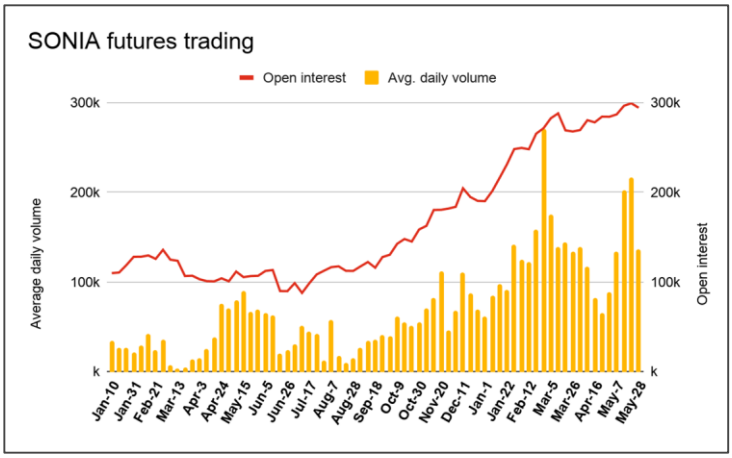




*Source: analysis.swapsinfo.org (interest rate and credit derivatives weekly trading volume): Week ending May 28, 2021, accessed June 1, 2021.*

### Futures and options




*Source: CME, ICE (accessed June 1, 2021)*




*Source: CME, LCH, ICE (accessed June 1, 2021)*

### Our take

Trading volumes in both SOFR and SONIA futures continued their steady upward climb. While week-to-week activity may occasionally decline, the bigger picture sends a clear message: Activity is shifting. The total volume in SONIA futures traded in the first five months of 2021 has already eclipsed that of all of 2020. Trading in SOFR futures has shown a similar increase. At current levels, total volumes this year will exceed those of all of 2020 by the end of next month.

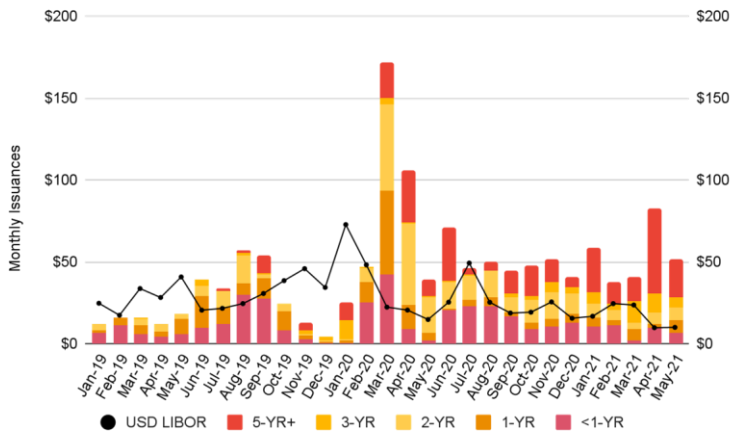
Going forward, we will pay close attention to the launch of BSBY futures at the CME, providing updates on trading volumes as appropriate.

# 3 RFR adoption: Cash products

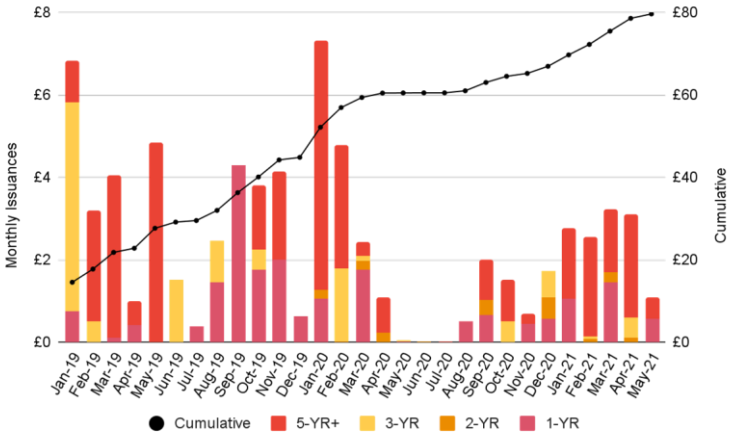
*Source: Bloomberg. Includes callable issuances.*

**FRN issuances** *(as of May 31, 2021)*

**USD FRN issuances (in billions)**




**SONIA FRN issuances (in billions)**




### Our take

While issuances of FRNs referencing USD LIBOR continue, they almost exclusively come in maturities of one year or shorter. For the second month in a row, such issuances totaled just under $10 billion, compared to over $50 billion in issuances tied to SOFR.

Following two SOFR FRN issuances by energy companies in March and early May, there were no such issuances in the second half of May. At the same time, corporate issuances of variable debt are generally rare, with fixed-rate notes and other funding vehicles more commonly utilized.

### Notable cash product issuances and other RFR adoption[1]

| Benchmark | Company | Detail | Resources |
|---|---|---|---|
| SOFR | OneMain | Issued the first ABS with a floating-rate tranche tied to a 30-day in advance SOFR. The note includes a switch mechanism to term SOFR, once available. | SFA Research Corner |
| | Freddie Mac | Continued issuances of multifamily K-Deals backed by floating-rate multifamily SOFR-based mortgages. | Press Releases K-F111, K-F112 |
| | Wells Fargo | Announced the issuance of its first sustainability bond, with its final year interest rate pegged to compounded SOFR + 51 bps. | Press release |
| | Westpac | Issued a $300 million floating-rate bond linked to SOFR, a first for any of the "Big Four" Australian lenders. | Press coverage |
| SONIA | OCBC | Seeking investor consent to convert a covered bond to SONIA. The conversion is not expected to affect its 'AAA' rating. | Ratings coverage |
| | Bank of Scotland | Issued a notice of intent exploring a switch from GBP LIBOR to SONIA for "certain elements used for calculations" in a series of mortgage-backed securities. | Notice to noteholders |
| | Crédit Agricole | Offered GBP AT1 bond holders the chance to exchange their holdings for new notes based on SONIA. | Press coverage |
| | HICL / JLEN | The UK-based infrastructure funds signed ESG-linked loans tied to SONIA. | Press coverage |
| | Aviva Investors / BNP Paribas | Jointly completed a 30-year ESG-linked interest rate swap repack based on SONIA, provided to Associated British Ports. The transaction is thought to be the first such institutional deal based on SONIA. | Press release |
| Other | Duluth Holdings | Became the first borrower entering into a credit agreement for a revolving credit facility tied to the Bloomberg Short-Term Bank Yield Index. | Reg filing |
| | BNP Paribas | Issued its first Samurai bond priced against the Japanese government curve, rather than JPY LIBOR. | Press coverage |
| | Crédit Agricole | Similar to BNP Paribas, issued a callable Samurai bond priced against the Japanese government curve, rather than JPY LIBOR. | Press coverage |

For additional details on employed conventions and other parameters of recent RFR-based loans, see the Loan Market Association's (LMA's) regularly updated list of RFR referencing syndicated and bilateral loans. Given the private nature of the loan market, neither the LMA's list nor our highlights should be considered an accurate representation of activity in loan markets. Especially with the WG on Sterling RFR's target date for an end of GBP LIBOR use in new products now behind us, publicly available data likely doesn't tell the whole story with respect to SONIA-based lending. The same will increasingly become true for SOFR-based lending, as expectations for lenders to shift away from USD LIBOR continue to increase.

[1] Please note: This information has been obtained from publicly available sources.

# 4 Publications at a glance

## National working groups

**Alternative Reference Rates Committee (ARRC)**

- Announced it would hold its third SOFR Symposium: The Final Year on June 8. The event will include remarks by the CFTC's Acting Chair Rostin Behnam, followed by a panel discussion on the transition away from LIBOR in the derivatives market.
- Announced the selection of the CME Group as the future recommended administrator of a forward-looking SOFR term rate.
- Published its newsletter for April-May 2021 and minutes from the committee's April 14 meeting.

**WG on Sterling RFRs**

- Formally recommended the use of compounded SONIA as the successor rate to GBP LIBOR in bonds. Results of a previous consultation indicated that a majority of respondents were in favor of such a recommendation.
- Published an updated version of its priorities and roadmap (reflecting the FCA consultation) and minutes from its March 30 meeting.

**WG on Euro RFRs**

- Published minutes of the working group's May 11 meeting.

**CIC on JPY IR Benchmarks**

- Published minutes from its April 27 meeting, which included an update from the JFSA on the transition of corporate bonds referencing JPY LIBOR, the TONA TSR, the preemptive conversion of JPY LIBOR swaps at the JSCC and an update on the transition roadmap.

## Regulators

- **FCA:** Published an updated overview document on its augmented powers under the Financial Services Act 2021.
  Issued a consultation on the proposed use of its new powers to restrict the use of synthetic LIBOR and prohibit new use of LIBOR.
- **Bank of England:** Issued a consultation on the removal of clearing obligations for derivative contracts referencing EONIA, GBP LIBOR or JPY LIBOR. Contracts referencing €STR or SONIA would be added to clearing obligations, with the switch scheduled to coincide with the various CCPs' plans to preemptively convert legacy derivative contracts to standard OIS contracts later this year.
  Published additional information on its policy for collateral referencing LIBOR. Specifically, previously announced haircut add-ons may be waived in cases where such collateral includes robust fallback language or a future rate switch mechanism.
- **US-UK Financial Regulatory Working Group:** The working group discussed the transition away from LIBOR at its May 20 meeting, noting in a statement "the importance of providing a coordinated approach to the challenges that benchmark transition presents."
- **US Department of the Treasury:** The FSOC meeting on June 11 will include LIBOR transition as an agenda point.
- **National Credit Union Administration:** Issued a supervisory letter describing the framework for evaluating credit unions' preparedness for LIBOR transition. The letter aligns closely to the Fed's supervisory guidance for smaller institutions issued earlier this year.
- **European Central Bank (ECB):** Issued a supervision newsletter on its latest assessment of banks' exposures to key benchmark rates.
- **European Securities and Markets Authority (ESMA):** Published an updated Q&A document on the EU BMR.
  Announced it would take over the secretariat of the WG on Euro RFRs from the ECB. A new landing page has been launched.
- **Bank of Japan:** Published a summary of results of its second survey on the use of LIBOR, conducted jointly with the JFSA.
- **ASIC:** Summarized remarks made at a recent industry event by its Sr. Exec. Leader Nathan Bourne, suggesting that "time is running out" and noting it would, along with the APRA, continue engagement with firms to monitor progress against international milestones.
- **Bank of Thailand:** Published an updated roadmap for the transition from THBFIX to THOR.
  Published an updated rule book describing the methodology for the calculation of the THBFIX Fallback Rate.
- **Bank Negara Malaysia (Central Bank of Malaysia):** Issued a consultation on its proposal of the Malaysia Overnight Rate (MYOR, formerly AOIR) as alternative reference rate. The rate would exist in parallel to KLIBOR, which would see its least used tenors removed and remain subject to periodic review under the proposal.
- **U.S. House Committee on Financial Services:** Fed Vice Chair Quarles fielded question on LIBOR transition during recent testimony.

## Industry groups, infrastructure providers and other items

- **LMA:** Published new Investment Grade and Developing Markets RFR facility documentation. The LMA also updated its broader set of LIBOR transition documents, incl. rate switch agreements, RFR facility documentation and RFR drafting guide, reflecting changes in post-Brexit bail-in provisions and recommendations on fallbacks for EURIBOR issued by the WG on euro RFRs (member access only).
  Published an updated list of syndicated and bilateral loans referencing RFRs.
  Announced a live webinar on the transition from LIBOR in the loan market for June 1, 2021.
- **ISDA:** Its latest podcast discussed the implications of LIBOR transition & other developments on trading patterns and customer behavior.
- **LSTA:** Published a blog post summarizing a panel discussion on the complicated implications for CLOs in a post-LIBOR multi-rate world.
  Reported on research into fallback language, showing an increase in the adoption of hardwired fallbacks, as well as the appearance of early opt-in provisions that would allow a switch to a CSR once those are more broadly adopted in the syndicated loan market.
  As part of a panel presentation at a recent industry conference, the LSTA's Meredith Coffey suggested we may find ourselves "in a "multirate" environment for years and perhaps permanently."
- **ICMA (w/ Bloomberg):** Issued a guide on tough legacy bonds in APAC, estimating about USD 190 billion in tough legacy exposures across 560 issuances, the vast majority of which contain no or inadequate fallback language. A recording of the launch event is HERE.
- **ICMSA:** Published a bulletin on the role of calculation agents and advisors on typical MTN issuances and swap transactions.
- **Structured Finance Association:** Reported that year-to-date issuances of SOFR-based securitizations have reached $38.9 billion.
- **IHS Markit:** Announced a credit-sensitive benchmark (CRITR) and spread (CRITS) based on institutional CD and CP transactions.
- **AFX:** Announced it had signed an agreement with Numerix to publish a term structure of spot AMERIBOR interest rates.
- **CME:** Announced its plans to offer futures contracts based on the BSBY beginning in Q3 of this year.
- **ICE BA:** Launched 'Beta' settings of its GBP SONIA Spread-Adjusted ICE Swap Rate, the methodology that aligns with one previously proposed by the WG on Sterling RFRs.
- **New Zealand Financial Markets Association (NZFMA):** Published updated conventions for interest rate derivatives (formerly Interest Rate Swap Conventions) to include conventions for RFR/RFR basis swaps.
- **Association for Financial Professionals (AFP):** Summarized a recent webinar on the corporate perspective on LIBOR transition.
- **Association for Corporate Treasurers (ACT):** NACT chairman Deas commented on the perceived gap in communication and readiness between lenders and corporate borrowers. His comments aligned with the recently released Corporate Debt and Treasury Report, which included an update on corporate IBOR transition readiness.

# 5 LIBOR transition target dates

US Supervisors: no new USD LIBOR products "as soon as practicable"

**June 30, 2023**
End of publication / loss of representativeness:
o/n, 1-, 3-, 6- and 12-month USD LIBOR

**December 31, 2021**
End of publication / loss of representativeness:
GBP, EUR, JPY, CHF LIBOR and 1W, 2M USD LIBOR
US Supervisors/FCA/FSB/FINMA:
no new USD LIBOR products

**March 5, 2021** (all LIBOR settings)
FCA announcement
on future cessation / loss
of representativeness
"Spread Adjustment Fixing Date"

2021 | 2022 | 2023

**December 2021** (various dates)
CCPs: preemptive transition of legacy LIBOR trades to RFRs

**by Q3, 2021**
ARRC: no new LIBOR CLOs
CIC: significant reduction in LIBOR loans and bonds, inter-dealer quotations move from JPY LIBOR to TONA
Sterling RFR WG: complete remediation of legacy LIBOR contracts

**by Q2, 2021**
ARRC: no new LIBOR business loans, securitizations (excluding CLOs) or derivative trades that increase LIBOR risk ~~SOFR term rate recommendation~~
Sterling RFR WG: no new LIBOR non-linear or exchange traded derivatives
Euro RFR WG: recommendations on EURIBOR fallbacks
CIC: no new LIBOR loans or bonds
FSB/FINMA: system and process changes complete

**June 17, 2021** - FCA/BOE: Switch GBP exchange traded derivatives from LIBOR to SONIA

**May 11, 2021** - FCA/BOE: inter-dealer quotations move from GBP LIBOR to SONIA

**April 26, 2021 -** JPY OIS term rates

**January 25, 2021**
ISDA: IBOR
Fallbacks Protocol
became effective
ICE BA: Consultation
on potential LIBOR
cessation closed

**January 31, 2021**
FINMA: No new "tough
legacy," ability to offer
ARR loans

**by Q1, 2021**
Sterling RFR WG: no new LIBOR loans, bonds, securitizations or linear derivatives; complete identification of legacy LIBOR contracts and accelerate active conversion
CIC: system and ops readiness for RFR compounding
ARRC: dealers quote USD derivatives in SOFR
BoE: haircut add-ons to LIBOR-linked collateral (started Apr 1)
FINMA: plans for reduction of "tough legacy"

~~strikethrough~~ - Delayed milestone

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