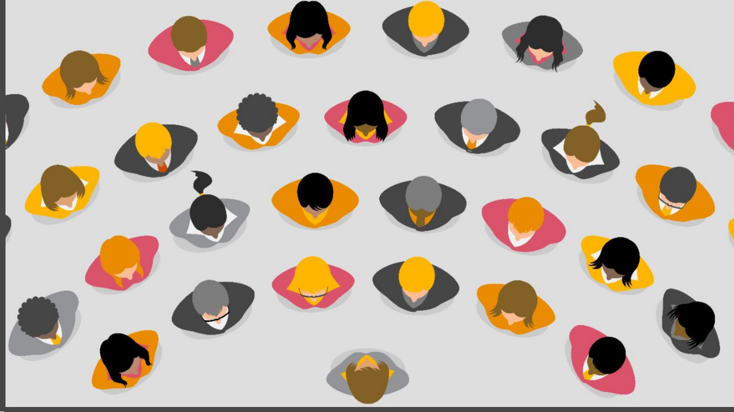
LIBOR Transition

Market update:
December 1 - 15, 2020



380 days to **December 31, 2021**
926 days to **June 30, 2023**

1 Highlights

Give up the ghost, LIBOR’s end game begins

What happened? ICE Benchmark Administration (IBA), LIBOR’s administrator, issued a consultation on its intention to cease the publication of GBP, EUR, JPY and CHF LIBOR, as well as one-week and two-month tenors of USD LIBOR after December 31, 2021. IBA expects to publish the remaining tenors of USD LIBOR until June 30, 2023 and cease publication thereafter. Comments are due by January 25, 2021.

In a series of coordinated statements and publications, regulators provided additional details on the cessation timeline, pending a successful outcome of IBA’s consultation. During a recent industry event, the FRB NY’s Nate Wuerffel urged market participants to consider the various official and private sector announcements on LIBOR’s future as a “collective framework.”

The following is a summary of key announcements:

US supervisory guidance on the use of USD LIBOR

The Board of Governors of the Federal Reserve System (FRB), Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) issued guidance on the ongoing use of USD LIBOR. Key takeaways include:

- Banks are encouraged to transition away from USD LIBOR “as soon as practicable.”
- Banks should not enter into new transactions referencing USD LIBOR after December 31, 2021, given potential safety and soundness concerns.
- There may be limited instances in which entering into new USD LIBOR-based contracts would remain appropriate —
- such as for market making, novations or purposes of hedging — but only to the extent that these actions relate to LIBOR-based exposures entered into prior to 2022.

- Banks should expect to have their practices examined in light of potential safety and soundness concerns over new USD LIBOR contracts.

In commenting on the supervisory guidance at a recent industry event, the FRB NY's David Bowman suggested that banks "should be working very quickly right now to move away from new use of USD LIBOR."

FCA statement on USD LIBOR

The Financial Conduct Authority (FCA), IBA's primary regulator, welcomed the prospects of a clear end date to the USD LIBOR panel. Similar to the US supervisors, it too suggested that it would consider limiting the use of USD LIBOR for FCA-supervised firms after 2021.

ISDA webinar with FCA, Fed and ARRC representation

ISDA published a webinar featuring, among others, Edwin Schooling Latter, Director of Markets and Wholesale Policy at the FCA; David Bowman, Senior Associate Director at the FRB NY; and Tom Wipf, Vice Chairman of Institutional Securities at Morgan Stanley and Chairman of the ARRC. The webinar summarized the path forward for LIBOR, provided that IBA's consultation confirms its plans:

- Following IBA's consultation, it would be possible to make announcements on cessation dates for all settings of LIBOR simultaneously, including USD LIBOR tenors that might continue to be published into 2023.
- Such announcements would trigger the fixing of the spread adjustment under the ISDA fallbacks.
- Both FCA and IBA expect that the publication of major USD LIBOR tenors would continue on a representative basis. In other words, the FCA does not foresee the need to make a declaration of non-representativeness — other than possibly in the context of applying its new powers to mandate a continued publication of computation-based LIBOR settings, i.e., so-called "synthetic LIBOR". In any case, the timing of such an announcement would be aligned with those on future cessation dates.
- The FCA would likely use its new powers under the changes made to the UK BMR by the FS bill currently going through Parliament to restrict use of USD LIBOR for new contracts for FCA-supervised firms after 2021. The FCA would look to coordinate its approach, which remains dependent on the results of future market consultations with US and other regulatory agencies.
- After 2021, one-week and two-month USD LIBOR would be based on interpolation between those USD LIBOR tenors that would still be published.

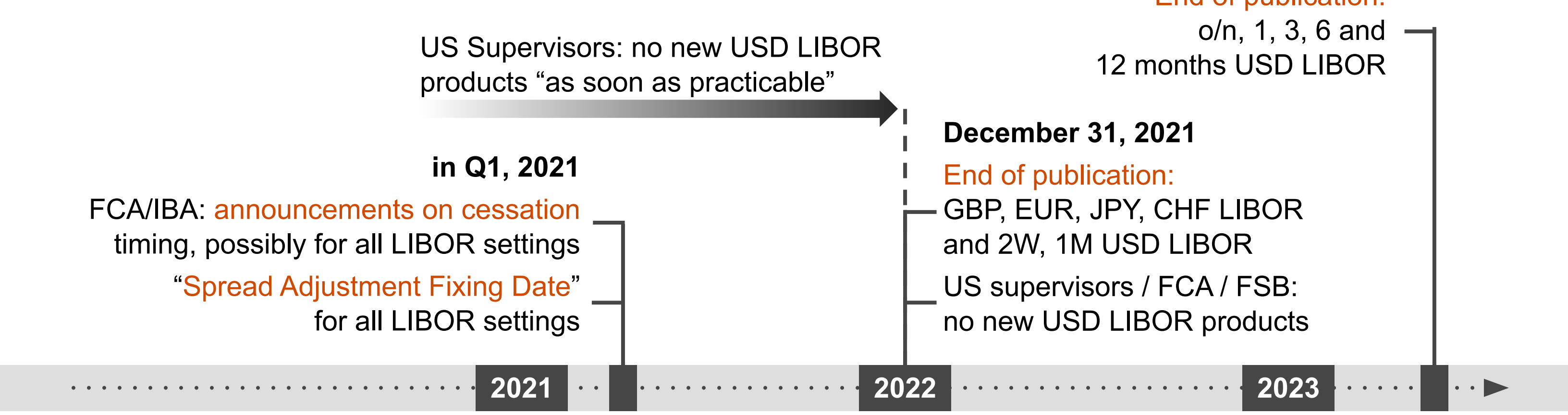
ARRC guide on the endgame for USD LIBOR

The ARRC published a summary of announcements and the implications for USD LIBOR going forward:

- The guide highlights the interagency guidance and FCA's statement, both of which call for an end to the issuance of new USD LIBOR contracts after 2021.
- The ARRC's recommendation to end the issuance of new USD LIBOR business loans after June 30, 2021 is consistent with the US supervisors' expectation to end issuing new USD LIBOR products as soon as practicable and no later than at the end of 2021.
- The ARRC will continue to pursue a legislative solution for LIBOR-based contracts that are set to mature after June 2023, but contain no or ineffective fallbacks to address LIBOR's permanent cessation.

Bank of England comments

The Bank of England's Andrew Hauser spoke at an industry event and stressed that firms must be ready to transact in ARRs as soon as possible, whatever the currency. He also noted the importance of proactively remediating existing LIBOR-based contracts and strongly encouraged adherence to ISDA's IBOR Fallbacks protocol, which provides a mechanism to transition LIBOR-based derivative contracts to ARRs upon LIBOR's cessation.



Cessation of USD LIBOR in June 2023

(ICYMI) Five Things To Do Now:

1. Continue, or even accelerate, efforts to develop new RFR products in USD and other currencies.
2. Identify population of contracts that could mature on their existing terms prior to LIBOR cessation.
3. Develop likely scenarios for consultation outcomes and potential impacts on existing portfolios.
4. Develop contingency plans for consultation outcomes, including impacts on transaction pricing, hedging costs, resource requirements for contract remediation and client communications.
5. Don't slow down!

Our take: The end of 2021 has frequently been referred to as a "deadline," even though that date merely represents the end of the FCA's agreement with panel banks to continue to submit to LIBOR. Pending the conclusion of IBA's consultation, that will change. LIBOR is about to have a definitive expiration date — for the first time.

Market participants have consistently cited a lack of firm deadlines and lack of clarity on cessation timelines as major hurdles in the move away from LIBOR. With the recent announcements confirming the overall timeline and key mechanisms of LIBOR's cessation, firms that have been slowed by indecision should now be able to move into much-needed action.

That isn't to say that all outstanding questions have now been answered. For instance, market participants have already been wondering out loud whether an early 2021 fixing of the spread adjustment for USD LIBOR settings expected to continue into 2023 is sensible. There also remain significant operational and legal risks associated with legacy LIBOR-based exposures without any or inadequate contractual provisions for LIBOR's permanent cessation. Potential solutions, such as the publication of synthetic LIBOR and legislative solutions in Europe and the US, seem promising, but important details on scope and methodologies have yet to be finalized.

Even in the case of legacy contracts containing fallback language, there are still a number of permutations on how the transition could play out on a contract-by-contract basis. There tends to be great variety in the specific language contained in contractual fallback provisions, even when comparing contracts for similar products within the same organization. As a result, subtle differences in the phrasing, order or even which party makes the announcements on LIBOR's cessation could determine whether, and how, a specific contract is affected. Given these complexities, firms should accelerate efforts to gain a comprehensive, granular understanding of fallback provisions contained in their contracts — and develop contingency plans for how to react to any upcoming announcements.

As we concluded in our last market update[1] (November 16-30), firms should not treat the continued publication of certain USD LIBOR settings into 2023 as an excuse to delay their transition efforts. In fact, during remarks at various industry events over the past weeks, a number of regulators have echoed that very sentiment, warning of mischaracterizing IBA's June 30, 2023 target date as an extension. Arguably, there is more to do now than ever. Banks should continue full steam ahead in their efforts to bring to market new products based on ARRs, upgrade models, systems and processes to establish capabilities to transact in RFRs and develop a remediation strategy for existing LIBOR exposures.

Update on legislative solution in the EU

What happened? The European Council agreed with the European Parliament on an amendment to the EU Benchmark Regulation (BMR) that would provide for a statutory replacement of a critical benchmark with an ARR in case of that benchmark's cessation. The final amendments are the result of negotiations between the European Parliament and the Council based on the European Commission's (EC) proposal from July 2020.

The amendments would empower the EC to designate a statutory replacement rate that would replace all references to a ceasing benchmark in contracts that have either no or inadequate fallback provisions. The mechanism is similar to that proposed by the ARRC, which has recently been introduced in a legislative proposal in New York State, with similar legislation contemplated at the federal level in the US. When designating a replacement rate, the EC would consider recommendations made by local RFR working groups around the world.

[1] *For previous issues, please visit https://www.pwc.com/us/en/industries/financial-services/regulatory-services/libor-reference-rate-reform/market-update.html*

Key changes from the initial proposal include:

- An expanded scope that would see the legislation cover products beyond the initial scope of the EU BMR (MiFID financial instruments).
- A limitation in scope to scenarios where either both parties are established in the EU or where local laws of a third country do not provide for an orderly wind-down of a critical benchmark.
- An extension of the transition period for the use of third-country benchmarks by an additional two years, until December 31, 2023, with an option for the EC to further extend the deadline until December 31, 2025.
- Further clarity with respect to the grandfathering of clearing and margining requirements for derivative contracts under the European Market Infrastructure Regulation.

The European Parliament and Council aim to adopt the final regulation by December 31, 2020.

Our take: It took less than six months from the initial proposal by the EC to a political agreement by the European co-legislators. The rapid turnaround — far quicker than what has been the norm for similar legislative initiatives in the past — underlines the importance of having a legislative solution in place for legacy contracts that cannot be amended prior to LIBOR's cessation.

Similar to fallbacks, however, the amended EU BMR provides a safety net of last resort for legacy contracts. During the third roundtable on euro RFRs, both working group members and regulators alike stressed that market participants should prioritize the proactive transition of contracts, rather than relying on a legislative solution.

That advice rings especially true in light of the many uncertainties that remain. First, there are no guarantees that the EC will execute its new powers. Second, it's not entirely clear how any legislation would interact with approaches in other jurisdictions, such as the ARRC's aforementioned proposal or the FCA's expanded powers under the UK's FS bill. There are, for instance, differing opinions among market participants on the implications of the Brexit transition period's expiration at year-end (the final terms of which are yet to be determined) and under which circumstances — if at all — the EU BMR amendments could become,or remain part of, the UK BMR in 2021 and thereafter.

In light of the numerous unanswered questions, the potential for ensuing litigation and the prospect of ceding control over the terms under which legacy contracts are transitioned, there should be ample motivation for market participants to proactively reduce their exposures to the greatest extent possible.

Non-linear derivatives

What happened? The Working Group on Sterling RFRs published considerations on the transition from LIBOR in non-linear derivatives, suggesting that a functioning market based on SONIA-referencing instruments could be created. The working group's paper suggests that several popular option instruments could be structured using a compounded-in-arrears SONIA rate.

The working group has communicated Q2/Q3 of 2021 as a target date to cease origination of any new GBP LIBOR-linked non-linear derivatives expiring after year-end 2021, except for trades required for risk management purposes. By providing guidance on conventions, the working group looks to support firms' efforts to meet that target date. The paper supplements ISDA's summary, last updated in September, of current IBOR conventions, expected RFR conventions and impacts of ISDA's IBOR Fallbacks protocol on a range of different products.

The working group's discussion paper builds on the results of an earlier poll of 15 dealers in Sterling options on preferred conventions for interbank dealing in caps, floors and European swaptions. In addition, the paper provides considerations for expected challenges relating to Bermudan swaptions, cancellable swaps, inverse (including callable) floaters, constant maturity swap (CMS) caps and floors, LIBOR-in-arrears swaps and a variety of range accrual payoffs, including those linked to CMS rates.

For each type of instrument, the working group's analysis considered the suitability of compounded in-arrears SONIA as an underlying rate, whether SONIA referencing trades could be made in an economically equivalent manner to LIBOR-based trades and whether the instrument relies on knowledge of an official SONIA swap rate fixing to deduce trade settlements.

LIBOR in-arrears swaps were the only product type considered incompatible with a compounded SONIA in-arrears rate. Several other instruments, while operationally feasible, were deemed not economically equivalent to their LIBOR version, including caps and floors, inverse (including callable) floaters and standard (including callable) range accruals. Finally, establishing a SONIA-based market in CMS-related products, cash collateral settled European and Bermudan swaptions, and IRR cash settled European swaptions was found to be contingent on an official SONIA swap rate fixing.

Our take: The working group's paper is a timely addition to the rather limited practical literature on how non-linear derivatives based on RFRs are expected to function in a post-LIBOR world. While ISDA's product table details the impacts of IBOR fallbacks on payoffs and settlements, its limited discussion of product-specific RFR conventions is likely of limited use for model and product development teams charged with preparing for the launch of new non-linear derivative instruments indexed to RFRs. Market participants should find additional details on conventions and compatibility considerations, collated in a central reference document, useful tools as they refine their transition strategies.

It is not certain, however, that market participants will quickly converge toward a consensus on conventions for new RFR-based non-linear products. We continue to observe disagreements on how to address some of the proposed payoff changes. Further discussion among market participants will certainly be necessary before new issuances take place, especially in the case of more complex instruments such as range accruals. In that specific example, a choice between employing an overnight or a daily compounded RFR has significant consequences from a modelling standpoint. We expect that most firms would prefer more clarity on product conventions across the industry before executing the necessary changes to models, as well as the associated model validation work.

As market participants develop their new product strategies, they will need to consider whether the behavior of new non-linear derivatives based on RFRs continue to meet the objectives for which they are being employed. Some products, such as swaptions, will probably behave similarly to their IBOR-based counterparts. In other cases, such as caps and floors, moving to an RFR is likely to change the characteristics — and consequently, the potential use — of a product. Rather than providing a definitive set of standards and recommendations, we expect the working group's paper to act as a springboard for further discussion on a subject that has received limited airtime to date.

FINMA's transition roadmap

What happened? The Swiss Financial Market Supervisory Authority (FINMA) published a transition roadmap for LIBOR. FINMA's recommendations align to the timetable for LIBOR transition proposed by the Financial Stability Board (FSB) earlier this year:

- *By January 25, 2021:* Signing of ISDA 2020 IBOR Fallbacks protocol
- *By January 31, 2021:* No new "tough legacy" issuances; readiness to grant loans based on ARRs
- *By March 31, 2021:* Plans for the reduction of "tough legacy" in place
- *By June 30, 2021:* System and process changes implemented; mitigation of risks for remaining "tough legacy"; supervised institutions generally use ARRs in new contracts
- *By December 31, 2021:* Full operational readiness; all new transactions based on ARRs.

FINMA intends to monitor contract volumes linked to LIBOR in 2021, especially with respect to market participants' progress in reducing LIBOR exposures. With LIBOR transition remaining a supervisory priority for FINMA in 2021, the regulator notes that it would take "institution-specific measures" in case it finds an institution to be inadequately prepared.

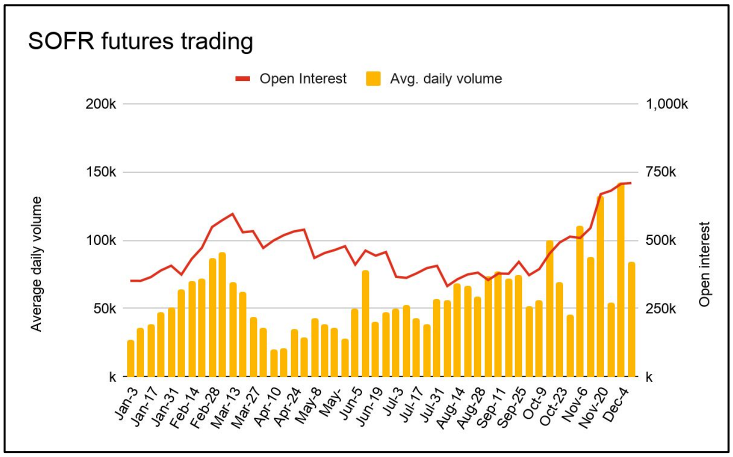
Our take: The Swiss market has seen progress in some product categories, while others continue to develop. With respect to mortgages, for instance, there has been significant progress in adopting SARON, the RFR alternative to CHF LIBOR. Once a few initial banks began offering SARON-based adjustable rate mortgages earlier this year, many other institutions followed suit in short order.

But the transition hasn't progressed as quickly across other product classes. FINMA itself noted in its Risk Monitor Report 2020, released earlier this year, that LIBOR exposures as a whole actually increased over the first half of the year. While many banks already seem well-prepared and have established the capabilities to transact in RFRs, some market participants have hesitated to fully adopt RFRs. Lack of borrower engagement, continued variation of transaction conventions and evolving liquidity in RFR indexed products are often cited as reasons.

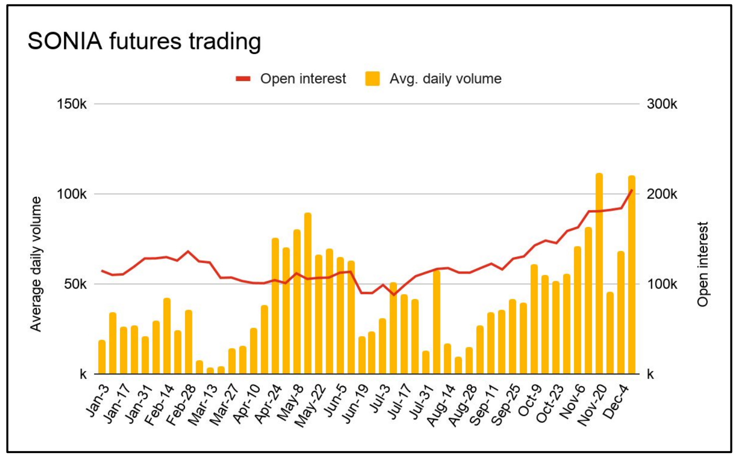
The timing of the release of FINMA's roadmap, coinciding with the release of IBA's consultation on LIBOR cessation, was likely deliberate. Now that a firm cessation deadline appears imminent for the first time, FINMA's recommended target dates assume even greater importance. Firms should ensure that their current transition plans allow them to meet the suggested target dates — for all LIBOR currencies.

2 RFR adoption: Derivatives

Futures and options



Source: CME, ICE (accessed December 14, 2020)



Source: CME, LCH, ICE (accessed December 14, 2020)

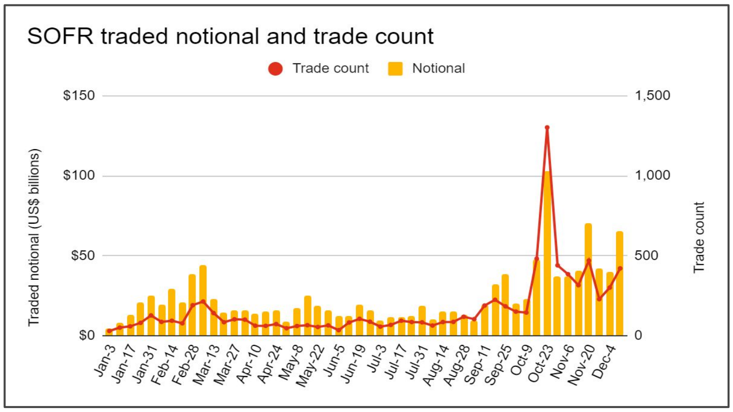
Our take

Trading volumes and open interest in both SOFR and SONIA futures continued their upward trend, more than making up for the decrease in activity during the shortened US Thanksgiving trading week. The increases in SOFR futures trading have come mostly at the CME, where average daily trading volumes reached an all-time high of 123,641 contracts during the week ending December 4.

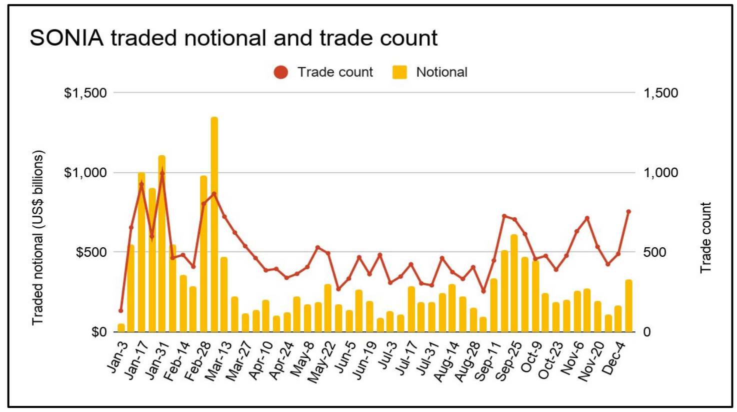
The largest share of SONIA futures trading continues to take place at ICE. The week ending December 4 saw the most active trading week at ICE to date, with an average of 82,803 contracts changing hands daily. Open interest in SONIA futures has now increased week over week for the previous eight weeks.

Please note: We have updated our SOFR futures trading volume and open interest data to include ERIS SOFR Swap Futures, which began trading on the CME earlier this quarter.

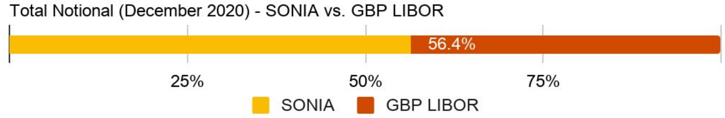
Swaps trading

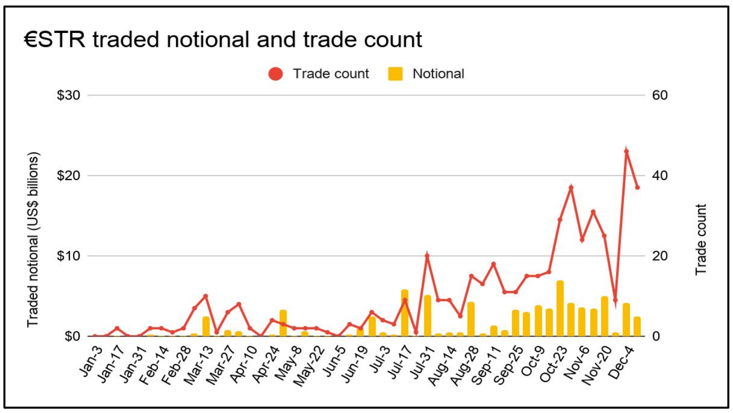


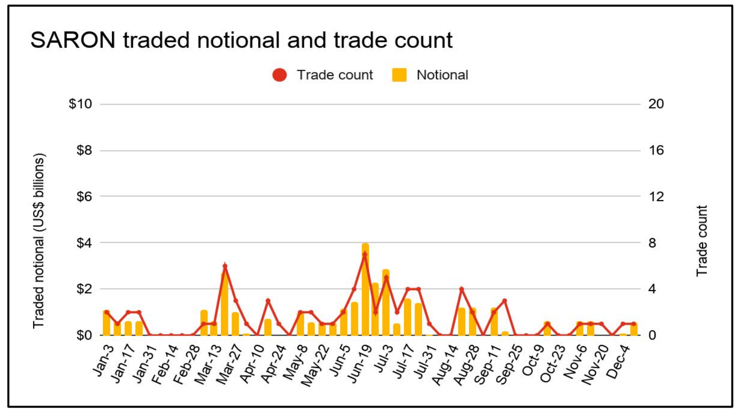
Total Notional (December 2020) - SOFR vs. USD LIBOR



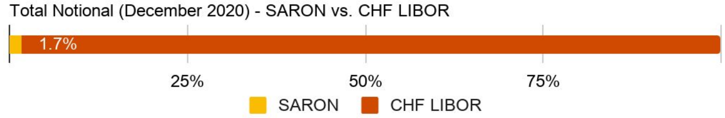
Total Notional (December 2020) - SONIA vs. GBP LIBOR







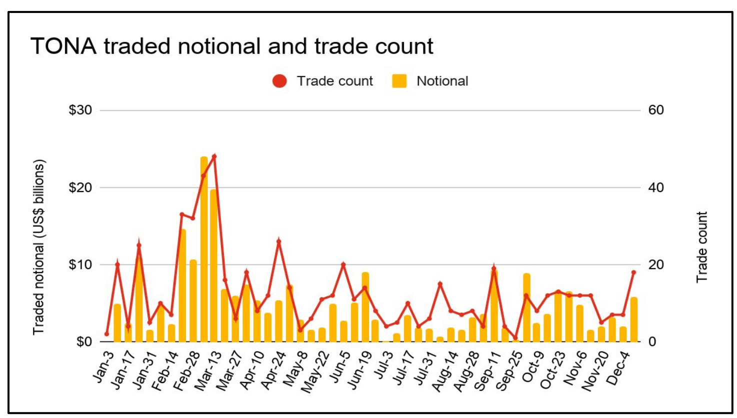
Total Notional (December 2020) - SARON vs. CHF LIBOR



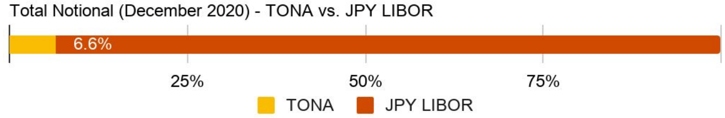
Our take:

SOFR and SONIA swaps trading both increased in volume and open interest over the past two weeks. 756 SONIA swaps contracts were traded during the week ending December 11, representing the highest weekly total since March of this year. Open interest looks to be following that increase in volume, having increased every week for the past three weeks.

It now remains to be seen what impact recent — and future — announcements on LIBOR cessation will have on swaps trading volumes. The increased clarity and certainty on cessation dates — especially for Euro, CHF and JPY — should spur increased swaps trading activity, as market participants look ahead to the end of 2021.



Total Notional (December 2020) - TONA vs. JPY LIBOR



IBOR Fallbacks Protocol adherence (as of Dec. 15)

- 2,617 total entities (up from 1,391)
- 26 out of 30 G-SIBs (up from 24)

Source: ISDA

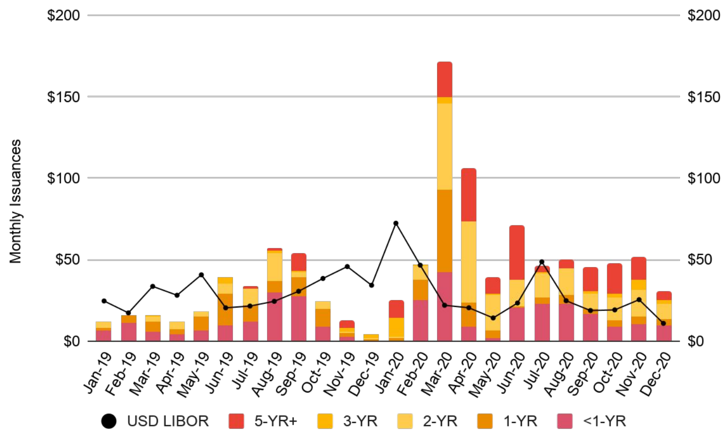
Source: analysis.swapsinfo.org (Interest rate and credit derivatives weekly trading volume: Week ending December 11, 2020, accessed December 14, 2020)

3 RFR adoption: Cash products

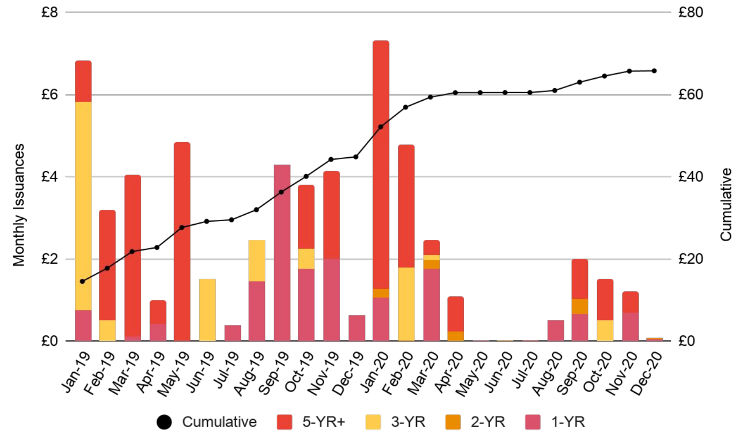
FRN issuances *(as of December 15, 2020)*

Source: Bloomberg

USD FRN issuances (in billions)



SONIA FRN issuances (in billions)



Our take:

During the first two weeks of December, the total of SOFR-based USD FRNs was almost three times as high as what was issued in USD FRNs. With over $30 billion issued, compared to just under $11 billion issued in USD LIBOR FRNs, December is on track to become the busiest month in SOFR issuances since June of this year. However, most of the issuances came once more from GSEs. Corporate issuers, as well as foreign banking organizations issuing in USD, continue to gravitate toward USD LIBOR.

There were only five new issuances in the traditionally less active GBP Sterling FRN market. While issuances in December have amounted to less than £100 million so far, we already see issuances totaling £700 million awaiting pricing in the second half of December.

Notable cash product issuances and other RFR adoption

RFR	Company	Detail	Resources
SOFR	HSBC	Issued its first corporate loan referencing SOFR in Hong Kong.	Press Coverage
	Citibank	Served as administrative agent for a revolving credit facility that was amended with SOFR-based fallback language.	Reg Filing
	Capital One	Secured a $43.7 million Freddie Mac multifamily loan.	Press Coverage
	Freddie Mac	Announced its first K-deal backed by SOFR indexed multifamily mortgages.	Press Release
SONIA	Santander	Issued a consent solicitation request to incorporate SONIA-based fallback language in a series of covered bonds.	Notice to bondholders
SARON	Zürcher Kantonalbank	Coordinated the renewal of a CHF 525 million syndicated loan, which includes a switching mechanism to SARON.	Press Release (borrower)

For additional details on employed conventions and other parameters of recent RFR-based loans, see the LMA's regularly updated list of RFR referencing syndicated and bilateral loans.

4 Publications at a glance

National working groups

Alternative Reference Rates Committee (ARRC)

- Published a guide summarizing the key implications for the future of USD LIBOR.
- Published its October/November newsletter.

WG on Sterling RFRs

- Published a summary of the recent announcements regarding the future of LIBOR.
- Published its newsletter for November 2020.

WG on Euro RFRs

- Published a special edition newsletter for the month of November 2020, focusing on the recently issued public consultations.
- The subgroup on communication and education published a summary presentation on the EURIBOR fallback consultations.

Canadian Alternative Reference Rate Working Group (CARR)

- Published an overview of CDOR and the underlying bankers' acceptance market provided to the committee by the Bank of Canada.

Steering Committee for SOR & SIBOR Transition to SORA (SC-STS)

- In collaboration with ABS and SFEMC, published a report setting out the timeline for the discontinuation of SIBOR: 1M and 3M SIBOR will be discontinued after year-end 2024. Depending on the outcome of IBA's consultation on USD LIBOR cessation, 6M SIBOR will be discontinued three months after the discontinuation of 6M SOR, a rate which relies on USD LIBOR in its computation.

Regulators

- **European Council:** Agreed with the European Parliament on an amendment to the BMR that would provide for a statutory replacement of a critical benchmark with an alternative reference rate in case of that benchmark's cessation.
- **ECB:** Isabel Schnabel, member of the Executive Board of the ECB, provided opening remarks at the third roundtable on euro RFRs.
- **ESMA:** Chair Steven Maijoor's remarks at the third roundtable on euro RFRs included a clear statement that market participants should include EURIBOR fallbacks in all legacy contracts.
- **Bank of England:** The BOE's Andrew Hauser, Executive Director of Markets, provided the closing remarks at a recent industry event, stressing that market participants should be ready to issue ARR products as soon as possible.
- **FRB NY:** Nathaniel Wuerffel, Senior Vice President, provided opening remarks at an industry forum, suggesting that "No more LIBOR!" should become a New Year's resolution for all market participants.
- **FINMA:** Published a LIBOR transition roadmap, suggesting firms be in a position to offer ARR loans by January 31, 2021 and cease the publication of new LIBOR-based issuances by the end of 2021.
- **FASB:** Reached a tentative decision to clarify the scope of relief from the impacts of benchmark reform —, among other items, providing relief to allow swaps affected by LIBOR transitionto qualify as eligible hedging instruments, even if they do not reference LIBOR.
- **SEC:** Jillian Pearce, Professional Accounting Fellow in the agency's Office of the Chief Account, noted that the agency had not objected to an entity's claim that certain SOFR reset features did not represent embedded derivatives for financial reporting purposes.
- **CFPB:** In the preamble to its 2021 rule-making agenda, the CFPB noted that it expected to issue a final rule to facilitate compliance with Reg Z for creditors transitioning away from LIBOR.
- **Netherlands Authority for the Financial Markets (AFM):** Issued a report on benchmark reform, summarizing the findings of its information request sent to banks and other financial institutions earlier this year.
- **Indian ministry of finance:** LIBOR transition was a topic at the ministry's latest Financial Stability and Development Council meeting.

Industry groups, infrastructure providers and other items

- **ICE BA:** Published a consultation on the potential cessation of LIBOR. Comments are due by January 25.
  Launched its GBP SONIA ICE Swap rate for use by licensees.
- **ICE:** Announced it would become the first exchange to offer SONIA options.
- **ISDA:** Published a webinar featuring, among others, Edwin Schooling Latter, Director of Markets and Wholesale Policy at the FCA; David Bowman, Senior Associate Director at the Federal Reserve Board; and Tom Wipf, Vice Chairman of Institutional Securities at Morgan Stanley and Chairman of the ARRC.
  Published its RFR Adoption Indicator (in collaboration with ClarusFT) for November 2020. The indicator sits at 8.3%.
  Updated its educational video on bilateral templates, ISDA Create and IHS Markit Outreach360.
  Published the next episode of its podcast The Swap, discussing the impacts of Brexit, LIBOR reform and a Biden administration on the derivatives markets.
- **LSTA:** Hosted a webinar, urging firms to continue their preparation for LIBOR's cessation in light of recent announcements.
  Summarized recent announcements on the planned timeline for LIBOR cessation and commented on the prospects of USD LIBOR's continued publication into 2023.
- **LMA:** Published educational webinars on the transition in the export finance market and LMA's draft Rate Switch Facility Agreements.
  Sent an alert to LMA-nominated representatives, encouraging institutions to respond to current market consultations by the IBA, FCA and WG on euro RFRs.
  Published an updated list of syndicated and bilateral loans referencing RFRs.
- **UK Finance:** Held a webinar on the UK loans market and how to meet the Sterling WG's target date for an end of issuances of new products based on GBP LIBOR after Q1 2021.
- **SIFMA, LSTA, ISDA, SFA, et al.:** Jointly filed an amicus brief in a pending lawsuit brought against IBA, requesting it to immediately halt the publication of USD LIBOR.
- **SIX:** Published a brief educational video on SARON as a replacement rate to CHF LIBOR.
- **Association for Financial Professionals:** Published a LIBOR transition guide discussing SOFR, fallback language, the ISDA Fallback protocol and credit-sensitive alternatives.
  Highlighted that, in most cases, a proactive transition of LIBOR-based derivatives should be preferential to relying on ISDA's IBOR Fallbacks protocol.

5 LIBOR transition target dates

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

June 30, 2023
End of publication:
o/n, 1, 3, 6 and 12 months USD LIBOR

in Q1, 2021
FCA/IBA: announcements on cessation timing for all LIBOR settings
"Spread Adjustment Fixing Date" for all LIBOR settings

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

2021 · 2022 · 2023

by December 31, 2020
- ARRC: no new USD LIBOR FRNs vendor readiness (securitizations) dealers should amend interdealer CSAs to use and make markets in SOFR IR volatility products
- FNMA/FHLMC stop purchasing LIBOR ARMs
- FSB: ability to offer non-LIBOR linked loans

by Q3, 2021
- ARRC: no new LIBOR CLOs
- CIC: significant reduction in LIBOR loans and bonds
- JPY OIS term rates

by Q2, 2021
- ARRC: no new LIBOR business loans, securitizations (excluding CLOs) or derivative trades that increase LIBOR risk
- SOFR term rate
- CIC: no new LIBOR loans or bonds
- FSB: system and process changes complete

January 25, 2021
ISDA IBOR Fallbacks Protocol becomes effective

by Q1, 2021
- Sterling RFR WG: significant reduction in stock of LIBOR-based contracts
- Sterling RFR WG: no new LIBOR loans or linear derivatives (~~Q3 2020~~)
- Euro RFR WG: recommendations on EURIBOR Fallbacks (~~Q4 2020~~)
- CIC: system and ops readiness for RFR compounding
- ARRC: dealers quote USD derivatives in SOFR
- BoE: haircut add-ons to LIBOR-linked collateral (start Apr 1) (~~Oct 1 2020~~)

(~~Q4 2020~~) Delayed milestone

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