

IBOR regulatory & Industry update

**Sub Working Group: *Alignment with
international legislation and best practices***

25 March 2021

Agenda

- FCA & IBA March 5th announcement
- USD LIBOR – SOFR transition update
- GBP LIBOR – SONIA transition update
- Swiss & Asian IBORs transition update
- IBOR product conventions
- Reflecting on workstream roadmap

**FCA & IBA March 5th
announcement**

FCA & IBA March 5th announcement (1/2)

What has changed since the announcement?

- ▶ The **ISDA's spread adjustment** for all LIBOR settings is fixed as of March 5.
- ▶ Synthetic LIBOR for **tough legacy contracts** is a likely option next to remediation.
- ▶ Client outreach regarding final cessation dates has to be considered in planning.

What is synthetic LIBOR?

- ▶ Synthetic LIBOR is based on respective **RFR replacement + recommended spread**.
- ▶ It's "synthetic" because it will **no longer be representative** of the underlying market.

LIBOR	Tenor	End of Panel Bank Submissions		Potential Synthetic LIBOR Publication	
		Date	Result	Begin	End
USD	1-week, 2-month	December 31, 2021	Permanent cessation	Not applicable	
	Overnight, 12-month	June 20, 2023			
	1-month, 3-month, 6-month	June 20, 2023	Loss of representativeness	June 1, 2023	June 30, 2033
GBP	Overnight, 1-week, 2-month, 12-month	December 31, 2021	Permanent cessation	Not applicable	
	1-month, 3-month, 6-month		Loss of representativeness	January 1, 2022	December 31, 2022
CHF	All		Permanent cessation	Not applicable	
JPY	Overnight, 1-week, 2-month, 12-month		Loss of representativeness	January 1, 2022	December 31, 2022
	1-month, 3-month, 6-month				
EUR	All	Permanent cessation	Not applicable		

FCA & IBA March 5th announcement (2/2)



Immediate Actions

- ▶ ISDA Spread Adjustment **values are fixed** as of March 5.
- ▶ The fixed values are accessible [here](#).



Considerations for Turkish Banks

- ▶ FCA will conduct **consultations on the publication of synthetic** GBP and JPY LIBOR in Q2 2021.
- ▶ **Tough legacy contracts** that will be permitted to rely on synthetic LIBOR will also be consulted on.

- ▶ Client outreach to **notify on the final cessation dates** for the five LIBOR currencies to minimize **conduct and litigation risk**.

- ▶ The **fixed values will apply** regardless of the date on which existing contracts are actually transitioned from LIBOR to an RFR.

- ▶ Synthetic LIBOR will be **unavailable for use in new contracts**.
- ▶ Determine the **volume of tough legacy contracts** that might need to fall back to synthetic LIBOR and take that into account for contract remediation.

- ▶ Determine contracts that contain clauses for clients to be **notified on the final cessation** dates of a benchmark in their contracts.



EY Point of View

- ▶ With the values fixed, market participants have clarity around the economics of following a contractual fallback at the time of LIBOR's cessation. This will **accelerate active transition**.

- ▶ Active remediation is the preferred option because synthetic LIBOR in the long run will have a **lower economic incentive and certainty**.
- ▶ Banks are training relationship managers on remediation activities specifically for tough legacy contracts.

- ▶ Timely inform clients on the final cessation dates for relevant LIBOR currencies to mitigate litigation and conduct risk.
- ▶ Banks are setting in motion blanket client outreach regardless of contract clauses.

USD LIBOR – SOFR transition update

ARRC can't recommend a forward looking SOFR term rate by mid-2021



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector				
				Likely impact areas		Likely implications / follow-up actions for TBB		
				Frontbook	Backbook			Function
1	ARRC	<p>The ARRC published a whitepaper that describes a formula to calculate a fallback from the U.S. dollar (USD) LIBOR ICE Swap Rate to a spread-adjusted Secured Overnight Financing Rate (SOFR) Swap Rate. Contracts that are indirectly linked to USD LIBOR through reference to USD ICE Swap Rates are not covered by existing fallback provisions. The paper is intended to facilitate conversations within industry bodies and between counterparties on incorporating robust fallbacks in both legacy and new contracts referencing the USD LIBOR ICE Swap Rate. Link</p>	M	FB	Yes	Legal & Compliance	Yes	Impact on contracts that should incorporate robust fallbacks in both legacy and new contracts referencing USD LIBOR ICE swap rate.
	IT & Operations					Yes		
	Risk					Yes		
White paper on suggested fallback formula for the USD LIBOR ICE swap rate	24/03/2021	<p>Key take aways:</p> <ul style="list-style-type: none"> Without bank participation, USD LIBOR will not remain the same liquid rate that participants have grown used to; it will soon become impractical and much less of an attractive market – which is a great incentive for clients to transition early Though in the UK synthetic Sterling LIBOR could help minimize legal risk, the ARRC has always recognized that contracts referencing USD LIBOR under US law would still require a US legislative solution This legislation was implemented March 24th. This legislation will be crucial in minimizing legal uncertainty and adverse economic impacts associated with the transition—providing greater certainty to investors, businesses, and consumers as the financial system moves away from LIBOR. Link 	M	BB	Yes	Communications	Yes	
	Treasury					Yes		
	Legal & Compliance					Yes		
2	ARRC	<p>Office Hours notes & ARRC Welcomes Passage of LIBOR Legislation by the New York State Legislature</p>	M	FB	Yes	IT & Operations	Yes	Identify tough legacy (USD LIBOR) contracts that would be eligible for synthetic LIBOR.
	Risk					Yes		
	Communications					Yes		
05/03/2021 & 24/03/2021	<p>The ARRC will not be in a position to recommend a forward looking SOFR term rate by mid-2021, and it encourages market participants to continue to transition from LIBOR using the tools available now. the ARRC urges market participants not to wait for a forward-looking term rate for new contracts, but to instead be prepared to use the tools available now, such as SOFR averages and index data that can be applied in advance or in arrears. Link</p>	S	BB	Yes	Treasury	Yes		
23/03/2021					Legal & Compliance	Yes	Transitioning to SOFR should not be dependent on SOFR term rate.	
					IT & Operations	Yes		
	Risk	Yes						
ARRC Provides Update on Forward-Looking SOFR Term Rate	<p>ARRC Provides Update on Forward-Looking SOFR Term Rate</p>	S	BB	Yes	Communications	No		
					Treasury	Yes		

NA XS S M L XL XXL Relevance indicator

LSTA published notice relating to LIBOR transition



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector					
				Likely impact areas		Likely implications / follow-up actions for TBB			
				Frontbook	Backbook			Function	
4	ARRC	Outlining key reference rate reform efforts, progress to date, and areas requiring further work. The report is motivated by the number and range of steps taken in the move away from LIBOR. It provides a comprehensive overview of the LIBOR transition, including a timeline of concrete steps taken in the transition, a table of remaining LIBOR exposures and data on the development of alternative markets. It also provides critical insight into where progress away from USD LIBOR will need to materially accelerate for the market to be adequately prepared. Link	S	FB	Yes	Legal & Compliance	Yes	Take steps considering acceleration to SOFR into account to get business ready for transition to SOFR.	
	IT & Operations					No			
	Risk					Yes			
22/03/2021	Progress report on Transition from USD LIBOR				BB	Yes	Communications		No
							Treasury		Yes
5	LSTA	The LSTA published its form of notice of the IBA and FCA announcements relating to LIBOR transition. This form of generic notice is designed to satisfy customary notice requirements in fallback language contained in credit agreements and notes without reference to specific defined terms in the relevant credit agreement or note. Members should note that the development of this form is not a recommendation of any planned course of action and each institution must decide for itself whether to use this form in connection with its performance of any notice obligations. Link	S	FB	Yes	Legal & Compliance	Yes		LSTA draft notice could be used as base for client communication regarding the March 5 th IBA & FCA announcement.
	IT & Operations					Yes			
	Risk					Yes			
10/03/2021	Publication of LSTA form of notice of the IBA and FCA announcements				BB	Yes	Communications	Yes	
							Treasury	Yes	
6	ARRC	The ARRC confirms that in its opinion the March 5, 2021 announcements by IBA and the FCA on future cessation and loss of representativeness of the LIBOR benchmarks constitutes a "Benchmark Transition Event" with respect to all USD LIBOR settings pursuant to the ARRC recommendations regarding more robust fallback language for new issuances or originations of LIBOR floating rate notes, securitizations, syndicated business loans, and bilateral business loans. Link	S	FB	Yes	Legal & Compliance	Yes	Publication does not contain any new information, it merely states that the ARRC is aligned with FCA & ISDA with regards to their announcement on future cessation and loss of representativeness of LIBOR benchmarks.	
	IT & Operations					No			
	Risk					Yes			
08/03/2021	ARRC Confirms a "Benchmark Transition Event" has occurred under ARRC Fallback Language				BB	Yes	Communications		No
							Treasury		Yes

Fed issued examiners guidance concerning transition away from LIBOR



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector				
				Likely impact areas		Likely implications / follow-up actions for TBB		
				Frontbook	Backbook			Function
7	ARRC	<p>Key take aways:</p> <ul style="list-style-type: none"> The ARRC is to publish a working paper in the next weeks to help market participants understand spread adjustments when moving to SOFR swap rates. The ARRC's loans working group is planning to release simplified fallback language which recognizes that the benchmark transition event has occurred. <p>No link available</p>	S	FB	Yes	Legal & Compliance	Yes	Follow developments around working paper and the release of simplified fallback language by the ARRC's loans working group .
	IT & Operations					No		
	Risk					Yes		
Office hours			BB	Yes	Communications	Yes		
					Treasury	Yes		
8	Fed	<p>The FRB issued SR 21-7, Assessing Supervised Institutions' Plans to Transition Away from the Use of the LIBOR, providing guidance to its bank examiners on how to assess the progress of supervised institutions in preparing to transition away from USD LIBOR. This guidance is intended to complement the Interagency Statement on LIBOR Transition that FRB issued in November 2020, which encouraged supervised firms to cease entering into new contracts that reference LIBOR as soon as practicable and noted that entering into such contracts after December 31, 2020, would create safety and soundness risks. Link</p>	S	FB	Yes	Legal & Compliance	Yes	
	IT & Operations					No		
	Risk					Yes		
09/03/2021			BB	Yes	Communications	No		
Assessing Supervised Institutions' Plans to Transition Away from the Use of the LIBOR					Treasury	Yes		
9	LSTA	<p>The LSTA circulated an initial draft of the LSTA's Simple RFR Multicurrency Concept Document. This draft references the relevant risk-free rate (RFR) for each currency contemplated in the document (USD, Sterling, Euro, Japanese Yen and Swiss Franc) and applies that rate on a simple, daily basis. Link</p>	S	FB	Yes	Legal & Compliance	Yes	Follow developments on Simple RFR Multicurrency and the domestic developments of relevant governmental bodies qualifying RFRs.
	IT & Operations					Yes		
	Risk					Yes		
25/02/2021			BB	Yes	Communications	No		
How to kiss for RFR multi currency facilities					Treasury	Yes		

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OCC released a self-assessment tool to assist in preparing for LIBOR cessation



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				Likely impact areas		Likely implications / follow-up actions for TBB		
				Frontbook	Backbook			Function
10	OCC	The Office of the Comptroller of the Currency (OCC) released a self-assessment tool to assist the institutions that it regulates in preparing for the expected cessation of LIBOR. The release of the OCC's tool is another step in the speeding up of supervisory focus on LIBOR transition. While the tool was released by the OCC only and its use by banks does not appear to be legally required, all US financial institutions (incl. US branches of foreign banks) should review it carefully as regulators might use it in assessing their risk management activities. Link	S	FB	Yes	Legal & Compliance	Yes	Relevant for Turkish banks with a US branch. Self-assessment to be filled out by US branch.
	10/02/2021					IT & Operations	Yes	
11	Bloomberg	The Federal Reserve is intensifying its scrutiny of banks' efforts to shed their reliance on LIBOR, and has begun compiling more detailed evidence on their progress. Banks are being asked for specifics on their Libor exposure, their plans for amending contracts tied to the benchmark, and the fallback provisions being utilized to facilitate the shift to alternative rates, said the people, who requested not to be named given the sensitivity of the inquiries. The move is viewed partly as way for the Fed to telegraph the urgency of the transition, but also as a prelude to concrete supervisory action in the months ahead. Link	S	FB	Yes	Risk	Yes	
	02/03/2021					Communications	No	
12	Fed Dials Up Pressure on Wall Street to Ditch Discredited Libor	Key take aways: <ul style="list-style-type: none"> • ARRC is working on a document that details the spread adjustment and spread adjusted rates for consumer and commercial products • The supervisory wing of the Fed will work to add clarity on regulatory guidance both directly with firms and through wider industry communications No link available	S	BB	Yes	Treasury	Yes	
	ARRC					Legal & Compliance	Yes	
12	26/02/2021	Office hours		BB	Yes	IT & Operations	No	Follow developments of FED Regulatory guidance and insights
						Risk	Yes	
						Communications	No	
						Treasury	Yes	

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Panel bank to withdraw from USD LIBOR panel at end of this year



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector				Likely implications / follow-up actions for TBB	
				Likely impact areas					
				Frontbook Backbook		Function			
13	ARRC	The ARRC has announced today that it has selected Refinitiv to publish its recommended spread adjustments and spread-adjusted rates for cash products. Refinitiv will publish ARRC-recommended spread adjustments to Secured Overnight Financing Rate (SOFR)-based rates and spread-adjusted SOFR-based rates for cash products that transition away from U.S. dollar (USD) LIBOR. Link	XS	FB	Yes	Legal & Compliance	Yes	No direct implication from this publication for Turkish banks.	
	17/03/2021					IT & Operations	Yes		
Refinitiv publisher of spread adjustment		BB	Yes	Risk	No	Communications	No		
				Treasury	No				
14	Risk.net	NatWest Group will withdraw from the panel that sets US dollar Libor rates at the end of this year, Risk.net has learned, taking the number of banks submitting quotes for the benchmarks down to 15. In 2017 it was discussed that Panel bank support to sustain LIBOR until end-2021 will enable a transition that can be planned and executed smoothly. Link	XS	FB	Yes	Legal & Compliance	Yes		No further implications from this publication.
	08/03/2021					IT & Operations	No		
NatWest to quit US dollar Libor panel at year-end		BB	Yes	Risk	No	Communications	No		
				Treasury	No				
15	SEC	The SEC will continue to engage with firms around their preparedness and related transition activities. The Division of Examinations will also engage with firms to understand the impact to operations, their business activities. Firms should ensure their compliance programs and controls environment continue to adapt and provide strong protections even as business units and offerings change. Link	XS	FB	Yes	Legal & Compliance	Yes	No direct implications from this publication	
	04/03/2021					IT & Operations	No		
SEC Announces 2021 Examination Priorities		BB	Yes	Risk	Yes	Communications	No		
				Treasury	Yes				
16	LSTA	The focus on floors extends into LIBOR fallback language. Hardwired fallbacks typically have the same floor for LIBOR and SOFR (plus spread adjustment). Amendment fallbacks, however, can vary notably. The impact could be meaningful, 11% of deals could see floors drop from 100/125 bps to zero. Thus, though it may be a low risk, this theoretically could reduce lender income when a loan falls back from LIBOR. Link	XS	FB	Yes	Legal & Compliance	Yes		Using hardwired fallbacks the small risk that floors could reduce lender income can be mitigated.
	24/02/2021					IT & Operations	No		
LIBOR vs. SOFR		BB	Yes	Risk	Yes	Communications	No		
				Treasury	No				

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Relevance indicator

RFR illiquidity and fallback reliance slow SOFR adoption



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				Likely impact areas		Likely implications / follow-up actions for TBB			
				Frontbook	Backbook			Function	
17	Risk.net	Stay of execution, RFR illiquidity and fallback reliance slow SOFR adoption. The derivatives market's transition to SOFR has stalled since regulators granted US dollar Libor an 18-month reprieve. Regulators have insisted that no new Libor risk should be traded after the end of 2021, when most Libor settings are due to be discontinued. Yet the bulk of new US dollar interest rate swaps continue to reference Libor. Link	XS	FB	Yes	Legal & Compliance	Yes	Follow developments on SOFR illiquidity and fallback reliance	
	IT & Operations					No			
	23/02/2021			SOFR adoption stalls after US Libor delay	BB	Yes	Risk		Yes
							Communications		No
				Treasury	Yes				

GBP LIBOR – SONIA transition update

Final cessation dates for all LIBOR settings announced



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector					
				Likely impact areas				Likely implications / follow-up actions for TBB	
				Frontbook Backbook		Function			
1	FCA	<p>The FCA has announced the dates that panel bank submissions for all LIBOR settings will cease, after which representative LIBOR rates will no longer be available. This is an important step towards the end of LIBOR, and the Bank of England and FCA urge market participants to continue to take the necessary action to ensure they are ready.</p> <p>Link</p>	XXL	FB	Yes	Legal & Compliance	Yes	<p>Turkish banks should consider notifying their clients on the final cessation dates to minimize conduct & litigation risks.</p>	
	05/03/2021					IT & Operations	Yes		
	Announcements on the end of LIBOR					Risk	Yes		
BB		Yes	Communications	Yes					
	Treasury		Yes						
2	Sterling RFRWG	<p>On 18 March the Sterling RFRWG published an updated version of its Best Practice Guide for GBP Loans. The RFRWG has also updated its SONIA loan conventions. Appendix 3 on the Convention recommendations was added, it is intended to provide additional technical guidance and support for system implementation.Link</p>	M	FB	Yes	Legal & Compliance	Yes		<p>Turkish banks should take the technical guidance into account when using SONIA.</p>
	18/03/2021					IT & Operations	Yes		
	Update of Best Practice Guide for GBP Loans					Risk	Yes		
BB		Yes	Communications	Yes					
	Treasury		Yes						
3	FCA	<p>Article 23A of the BMR grants the FCA the ability, in certain circumstances, to designate a critical benchmark as an Article 23A benchmark. This designation would result in a general prohibition on use of the benchmark by supervised entities. However, it also gives FCA powers to exempt some or all existing use of the benchmark from this general prohibition. It would also allow us to impose requirements on the benchmark administrator relating to the way in which they determine the benchmark, including by amending the benchmark's methodology.</p> <p>Link.</p>	M	FB	TBD	Legal & Compliance	TBD	<p>If FCA decide to designate a critical benchmark as an Article 23A benchmark, they will publish a notice in line with the requirements at Article 23A(10)(b) of the BMR. They will have regard to the Statement of Policy when exercising the Article 23A designation power.</p>	
	05/03/2021					IT & Operations	TBD		
	Feedback and Policy Statements: the exercise of the FCA's powers under Article 23A BMR					Risk	TBD		
BB		TBD	Communications	TBD					
	Treasury		TBD						

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UK regulators say to expect supervisory inquiries for deviation from targets



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector				
				Likely impact areas				Likely implications / follow-up actions for TBB
				Frontbook Backbook		Function		
4	FCA	Article 23D of the BMR grants the FCA the ability, in certain circumstances, to impose certain requirements on the administrator of a critical benchmark designated under Article 23A. Article 23F(1)(d) of the BMR requires the FCA to prepare and publish a Statement of Policy on how it will exercise its powers under Article 23D. FCA have published responses to the consultation and a Statement of Policy that includes consideration of the factors that were outlined in the consultation. In addition, after reviewing the responses, FCA have expanded some of the considerations that underpin the factors initially proposed. Link link	M	FB	Yes	Legal & Compliance	Yes	The FCA will conduct a further consultation in Q2 2021 about its prospective decisions on whether and how to use the Article 23D powers in respect of certain LIBOR currency-tenor settings. The FCA will be seeking to give all users of LIBOR, including those outside the UK, an opportunity to engage.
	05/03/2021					IT & Operations	Yes	
	Feedback and Policy Statements: the exercise of the FCA's powers under Article 23D BMR					Risk	Yes	
BB		Yes	Communications	No				
	Treasury		Yes					
5	Sterling RFRWG	This paper aims to support market participants in meeting upcoming milestones for ending new use of GBP LIBOR in derivatives. The first of these is to cease initiation of new GBP LIBOR-linked linear derivatives by the end of March 2021, except for risk management of existing positions.	M	FB	Yes	Legal & Compliance	Yes	
	26/02/2021					IT & Operations	Yes	
	Path to ending new use of GBP LIBOR-linked derivatives					Risk	Yes	
BB		No	Communications	Yes				
	Treasury		Yes					
		The paper details the limited circumstances when it may be appropriate to enter into new GBP LIBOR-linked derivatives after the relevant milestones, for risk management of existing positions and to support transition flows for active conversion. link						Carefully consider the exceptions for GBP LIBOR linked linear derivatives detailed in the paper and include in internal planning. Best practice recommended for these exceptions is to create a governance and oversight procedure.

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Sterling RFRWG publishes 'Best practice' guide for GBP LIBOR Loans



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector					
				Likely impact areas		Likely implications / follow-up actions for TBB			
				Frontbook	Backbook			Function	
6	Sterling RFRWG	This Q&A addresses key questions market participants may have in relation to the milestone to cease new GBP LIBOR based lending by end-Q1 2021 and highlights potential considerations to take into account for the transition away from GBP LIBOR. link	M	FB	Yes	Legal & Compliance	Yes	Same as abovementioned	
	IT & Operations					Yes			
	26/02/2021			BB	No	Risk	Yes		
Supporting the transition away from the use of LIBOR in the GBP loan market	Communications	Yes							
7	Sterling RFRWG	The paper is a guide in relation to conventions for new GBP SONIA referencing loans (including refinancing and renewals) and for the transition of legacy GBP LIBOR referencing loans, covering bilateral loans, syndicated loans and other loans where GBP LIBOR is in use. It consolidates relevant information from previous Working Group publications to provide a single point of reference for best practice for GBP loans maturing after the end of 2021. link	S	FB	Yes	Legal & Compliance	Yes		No direct implications, however the guide consolidates very relevant information that is handy and can be used to operationalise the frontbook transition strategy.
	26/02/2021					IT & Operations	No		
	Best practice guide for GBP LIBOR loans			BB	No	Risk	Yes		
	Communications	Yes							
8	Bank of England	Discussion included adherence to the ISDA Protocol and Supplement, Term SONIA Reference Rates, as well as challenges and progress made in transition to SONIA in the derivatives, loan, and bond markets. Important points included: <ul style="list-style-type: none"> FMSB draft code of conduct for Term SONIA Reference rates is in alignment with the WG's recommendations lending market should not be dictated by the progress of the slowest firms and supervisors would take a keen interest in any remaining GBP LIBOR lending after the end of Q1 2021. link	XS	FB	Yes	Legal & Compliance	Yes	Take into account potential supervisory intervention in the case of deviating from the use case for TSSR and recommended milestones for GBP LIBOR transition to SONIA.	
	25/02/2021					IT & Operations	Yes		
	January Meeting Minutes for Sterling RFRWG			BB	Yes	Risk	Yes		
	Communications	Yes							
				Treasury	Yes				

NA XS S M L XL XXL Relevance indicator

Transition update Swiss & Asian IBORs

Information on loan conventions for TONA released



Publication details		Summary	Indicative relevance	Applicability to Turkish FS sector				
				Likely impact areas		Likely implications / follow-up actions for TBB		
				Frontbook	Backbook			Function
1	Financial Services Agency Japan	The FSA and BoJ published a statement in response to the FCA announcement focussing on JPY LIBOR: <ul style="list-style-type: none"> - Preparations toward the transition away from LIBOR should continue without reliance on synthetic LIBOR; - Use of synthetic LIBOR will be restricted to tough legacy. Any synthetic yen LIBOR should not be used in new contracts and transactions; - Synthetic yen LIBOR will be available only for one year after end-2021. Link	S	FB	Yes	Legal & Compliance	Yes	No direct implications from this publication for Turkish banks or regulators, but the information in this publication will be relevant, especially for Wholesale Lending with JPY LIBOR exposure
	o8/03/2021					IT & Operations	Yes	
Response to the announcement on the end date of LIBOR panel publication and the announcement on the intention to consult on the publication of synthetic yen LIBOR			BB	Yes	Risk	Yes		
					Communications	Yes		
						Treasury	Yes	

IBOR product conventions

Overview per product type - benchmarks and their alternatives

Product Conventions			
Product	Current Rate	Alternate Rate	Methodology
Bilateral Loans	EURIBOR / EUR – LIBOR	€STR	Proposed fallback rate for capital market products: Lookback / Payment delay, no need to know the rate in advance, hedging needs and consistency across global markets (Link)
	GBP – LIBOR	SONIA	Recommendation BoE: Compounded in arrears (lookback without an observation shift) Lookback with an observation shift remains a viable and robust alternative (Link)
	USD-LIBOR	SOFR	1) Term SOFR 2) Daily simple SOFR 3) Lender selected rate (ARRC recognizes that market participants may wish to reference daily compounded SOFR or advance rates) (Link)
	CHF – LIBOR	SARON	Fallback rate Option 1: Compounded SARON plus ISDA’s spread adjustment, Fallback rate Option 2: Compounded SARON without spread (in order to simplify the fallback and as long as it is in favor for the customer) (Link)
	JPY - LIBOR	TONAR	Lookback without observation shift approach (Link)
	HIBOR	HONIA	Hong Kong will adopt a multi-rate approach, whereby HIBOR and HONIA will co-exist. Forward term HONIA rate: for forward term rates in multiple-rate jurisdictions, two rankings are given: (i) one for such jurisdiction’s existing non-LIBOR IBOR; and (ii) one for a forward term rate derived from such jurisdiction’s identified RFR. (Link)
	SOR / SIBOR	SORA	Average rate of overnight SGD cash market transactions, Volume-weighted average of unsecured overnight interbank borrowings in the SGD cash market. 5 Business Day ‘Lookback with Observation Shift’ or 5 Business Day ‘Lookback without Observation Shift. For SOR bilateral loans, the recommended fallback would be in the following hierarchy: 1) Fallback Rate (SOR), 2) Recommended fallback rate by MAS, 3) A replacement rate that is agreed between the Lender and the Borrower plus the Benchmark Replacement Adjustment (Link)

Overview per product type - benchmarks and their alternatives

Product Conventions			
Product	Current Rate	Alternate Rate	Methodology
Syndicated Loans	EURIBOR / EUR - LIBOR	€STR	Oposed fallback rate for capital market products: Lookback / Payment delay, no need to know the rate in advance, hedging needs and consistency across global markets (Link)
	GBP – LIBOR	SONIA	Recommendation BoE: Compounded in arrears (lookback without an observation shift) Lookback with an observation shift remains a viable and robust alternative (Link)
	USD-LIBOR	SOFR	Daily simple in arrears, daily compounded in arrears (business day lookback with no observation shift - 2 and 5 business days lookback) (Link)
	CHF – LIBOR	SARON	Further work will be conducted on the feasibility of options using compounded SARON in syndicated lending, including liaising with international working groups to align loan market conventions where beneficial according to NWWG.(Link)
	JPY - LIBOR	TONAR	Lookback without observation shift approach (Link)
	HIBOR	HONIA	Hong Kong will adopt a multi-rate approach, whereby HIBOR and HONIA will co-exist. Forward term HONIA rate: for forward term rates in multiple-rate jurisdictions, two rankings are given: (i) one for such jurisdiction's existing non-LIBOR IBOR; and (ii) one for a forward term rate derived from such jurisdiction's identified RFR.(Link)
	SOR / SIBOR	SORA	Primarily for syndicated loans, the Replacement of Screen Rate Clause ("RSR Clause"), published by the Loan Market Association and endorsed by the Asia Pacific Loan Market Association, aids the transition to SORA by lowering the thresholds for borrower consent required to make such Transition (Link)

Overview per product type - benchmarks and their alternatives

Product Conventions			
Product	Current Rate	Alternate Rate	Methodology
Derivatives	EURIBOR / EUR - LIBOR	€STR	Adjusted RFR: Daily compounded in arrears (two business day backward shift - Offset lag) Fallback rate: Adjusted RFR + Spread Adjustment Follow the fallback supplement and protocol (Link)
	GBP – LIBOR	SONIA	
	USD-LIBOR	SOFR	
	CHF – LIBOR	SARON	
	JPY - LIBOR	TONAR	
	HIBOR	HONIA	
	SOR / SIBOR	SORA	

Overview per product type - benchmarks and their alternatives

Product Conventions			
Product	Current Rate	Alternate Rate	Methodology
Retail Mortgages	EURIBOR / EUR - LIBOR	€STR	Proposed fallback rate: Forward-looking / Last reset, for which the rate must be known in advance (Link)
	GBP – LIBOR	SONIA	Recommendation BoE: Term SONIA/ Alternative rate (Link)
	USD-LIBOR	SOFR	Adjustable rate mortgages: 30-day compound average SOFR, with a semi-annual reset period (Link)
	CHF – LIBOR	SARON	The standardization should not anticipate consumer preferences whether the interest rate needs to be known in advance or at the end of the interest period. Hence, the recommended options for retail loans should include at least one option from the group “in arrears” and one option from the group “in advance”. In total, at least three options should be recommended (according to NWG) (Link)
	JPY - LIBOR	TONAR	Lookback without observation shift approach (Link)
	HIBOR	HONIA	Hong Kong will adopt a multi-rate approach, whereby HIBOR and HONIA will co-exist. Forward term HONIA rate: for forward term rates in multiple-rate jurisdictions, two rankings are given: (i) one for such jurisdiction’s existing non-LIBOR IBOR; and (ii) one for a forward term rate derived from such jurisdiction’s identified RFR. (Link)
	SOR / SIBOR	SORA	Compounded averages of SORA (or Compounded SORA) is expected to be the main averaging methodology for SORA products. Loans: Two main conventions to consider, compounding in-arrears and compounding in-advance. Deciding which convention to use will depend on the user’s needs (compounded in arrears in most cases) (Link)

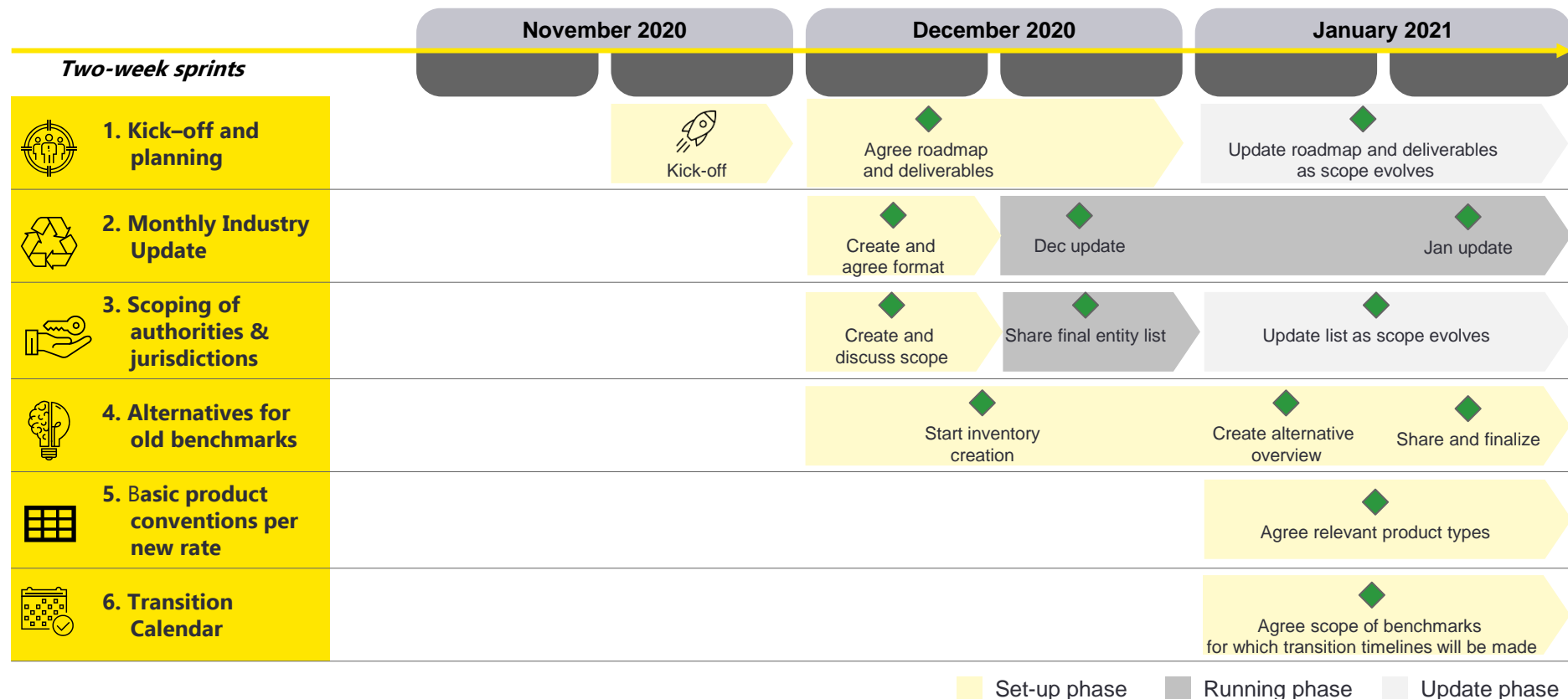
Overview per product type - benchmarks and their alternatives

Product Conventions			
Product	Current Rate	Alternate Rate	Methodology
FRNs	EURIBOR / EUR - LIBOR	€STR	Proposed fallback rate for capital market products: Lookback / Payment delay, no need to know the rate in advance, hedging needs and consistency across global markets (Link)
	GBP – LIBOR	SONIA	Overnight SONIA compounded daily in arrears over the interest period, with a five day lag and using the lag approach to weighting, with the margin added to the rate (but not compounded) (Link)
	USD-LIBOR	SOFR	Compounded daily average in arrear (lookback with an observation shift) - FRN working group preference because the observation period shift applies the correct weighting to the SOFR rates and could utilize a published compounded index. Other conventions that could be used are lockouts and payment delays. (Link)
	CHF – LIBOR	SARON	Compounded in arrears (with a lookback) - Recommended by NWG (Link)
	JPY - LIBOR	TONAR	Lookback without observation shift approach (Link)
	HIBOR	HONIA	Hong Kong will adopt a multi-rate approach, whereby HIBOR and HONIA will co-exist. Forward term HONIA rate: for forward term rates in multiple-rate jurisdictions, two rankings are given: (i) one for such jurisdiction's existing non-LIBOR IBOR; and (ii) one for a forward term rate derived from such jurisdiction's identified RFR. (Link)
	SOR / SIBOR	SORA	Lookback with observation shift and lookback without observation shift. • The fallback hierarchy when SOR is no longer deemed to be representative is: 1) Term SORA (if available), 2) Compounded SORA, 3) Other alternative rates (Link)

Reflecting on workstream roadmap

Summary of project roadmap and deliverables

Up for confirmation

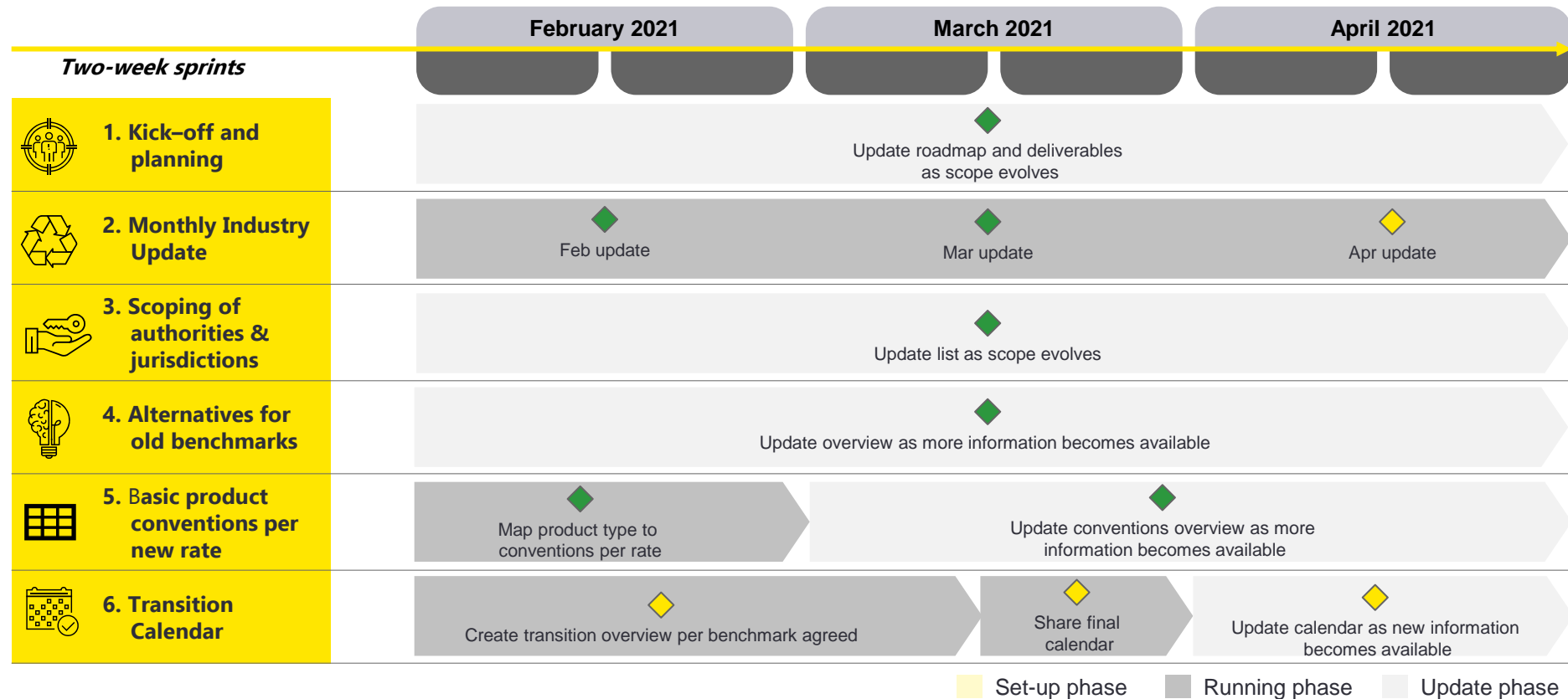


Description for deliverables

1. Kick-off and planning includes agreeing scope, roadmap, monthly update format and deliverables during the course of the project
2. Monthly update will consist of relevant industry, regulatory and market news applicable to IBOR transition
3. Scoping of entities comprises a list of relevant international authorities that the sub-working group will monitor to stay updated on industry insights and best practices
4. An overview containing old benchmarks in most popular currencies that are changing together with new rates that have been identified and endorsed
5. Overview of conventions identified for new rates per basic product type, including any implementation timelines where available
6. A transition calendar that is in place for each major critical benchmark that is expected to end (i.e. SOFR, SONIA, €STR)

Summary of project roadmap and deliverables

Up for confirmation



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