

Key Milestone Dates (see [roadmap](#))

- End-Q1 2021**
 - Milestone for market participants to cease initiation of new GBP LIBOR-linked loans, bonds, securitisations and linear derivatives* that expire after end-2021 (*except for the [risk management of existing positions](#)).
 - Milestone for market participants to complete identification of all legacy LIBOR contracts expiring after end-2021 that can be actively converted, and accelerate conversion where viable to reduce legacy volume.
- 1 April 2021**
 - The Bank of England's LIBOR-linked collateral and haircut [policy](#) comes into effect.
- End-Q2 2021**
 - Milestone for market participants to cease initiation of new GBP LIBOR-linked non-linear derivatives* that expire after end-2021 (*except for the [risk management of existing positions](#)).

Announcements on the end of LIBOR

- On 5 March 2021, the [FCA announced](#) that all LIBOR settings would either cease to be provided by any administrator or no longer be representative, immediately after:
 - **31 December 2021** in the case of all GBP, EUR, CHF, JPY and 1-week and 2-month USD LIBOR settings
 - **30 June 2023** in the case of remaining USD LIBOR settings
- [ISDA confirmed](#) that the FCA's announcement constituted an Index Cessation Event under its IBOR fallbacks. As a result, the fallback 'spread adjustments' [published by Bloomberg](#) were fixed for all LIBOR currencies and tenors, as of the date of the announcement.
- The [Working Group welcomed](#) the announcements of definitive end dates for panel bank LIBOR and highlighted that its [priorities & roadmap](#) provide a timetable designed to support all market participants to be fully prepared for the end of GBP LIBOR ahead of the end of 2021.
- The [Bank of England and FCA re-iterated](#) that regulated firms should expect further engagement from their supervisors at the Prudential Regulation Authority and FCA to ensure transition timelines set by market-led working groups are met. The PRA and FCA have since written a [joint letter](#) to CEOs of supervised firms, reiterating supervisory expectations and setting out a list of priority areas where further actions by firms is necessary to prepare for the cessation of LIBOR.

Updates from the Working Group on Sterling Risk-Free Reference Rates

- **The Working Group's first key milestone for 2021 passed at the end of March. It is now [recommended](#) that GBP LIBOR is no longer used for new lending beyond 2021, and that its use in swap markets is limited to risk management of existing positions.**
- The Working Group updated its [Best Practice Guide for GBP Loans](#) with a new appendix on technical and system capability guidance, to further support lenders and borrowers in their transition away from GBP LIBOR to SONIA.
- The Working Group published a [summary of responses](#) to its consultation on successor rate to GBP LIBOR in legacy bonds.
- The Working Group published [minutes](#) from its February 2021 meeting, which included a readout from the February meeting of the Senior Advisory Group on Risk-Free Rate Transition. Guest speakers Sir Dave Ramsden, Sarah Breeden and David Bailey (Bank of England) outlined the Prudential Regulation Authority's supervisory approach and expectations of firms in relation to the Working Group's recommended milestones.

Key Market Indicators

ISDA Protocol adherence – 13,682 entities as at end-March (+251 compared to end-February)

Loans - see [LMA](#) website for its updated list of publicly disclosed RFR-referencing loans to date

Floating Rate Notes (provided by ICMA using Bloomberg L.P)

The cumulative subtotal of SONIA-linked FRNs (2018, 2019, 2020 and 2021) is 173 deals, totalling c.£75.1bn

Listed Futures (data provided by futures exchanges)

Aggregated across all products as at end-Feb				
	Monthly traded volume	Change since last month	Number of contracts outstanding (Open Interest)	Change since last month
GBP LIBOR	21,015,962	+9,614,922 (+84%)	5,009,789	+338,964 (+7%)
SONIA	3,385,825	+1,310,383 (+63%)	271,761	+23,261 (+9%)

LCH Swaps Statistics (from [LCH website](#))

As at end-Feb (£billions)				
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	5,783	-755 (-12%)	20,974	+2,492 (+14%)
SONIA	9,100	+21 (+0%)	18,178	+832 (+5%)

** Including FRAs

UK official sector updates

- The FCA and Bank of England issued a [joint statement](#) supporting and encouraging liquidity providers in the GBP non-linear derivatives market to adopt new quoting conventions for inter-dealer trading based on SONIA instead of LIBOR from 11 May 2021.
- The FCA published [statements of policy](#) on two of its proposed new powers to support an orderly wind down of LIBOR, following consultations opened in November 2020.
- The Bank of England issued a revised [market notice](#) regarding the use of LIBOR-linked collateral in the Sterling Monetary Framework.
- The FCA [clarified](#) its expectations regarding reporting requirements under UK EMIR in the context of LIBOR transition, including for fallbacks that take effect as a result of the ISDA's 2020 IBOR Fallbacks documents.

Market Developments

- LCH [issued](#) supplementary details to its proposed conversion process for outstanding SwapClear LIBOR contracts, including proposed timings which are: COB 3 December 2021 for CHF, EUR, JPY LIBOR & COB 17 December 2021 for GBP LIBOR.
- Following its [consultation](#) in October 2020, ICE Futures Europe [proposed](#) converting outstanding LIBOR based futures to risk-free rates of the same currency following COB 17 December 2021.
- The FICC Markets Standards Board (FMSB) published a transparency draft of a [standard on use of Term SONIA reference rates](#) (TSRRs) which recognises the conduct and systemic risk advantages associated with a broad-based adoption of overnight SONIA, compounded in arrears, and aims to identify selected use cases for TSRRs in sterling markets where there is a robust rationale to meet specific needs. The Working Group, Bank of England and FCA issued a [joint statement](#) welcoming the publication.
- The [Loan Market Association](#) has published its exposure draft RFR documentation as recommended forms, and has also published single currency RFR facilities agreements.

Non-Sterling RFR Updates

- The New York State Senate passed a [Bill](#) intended to minimise legal uncertainty and adverse economic impacts for legacy USD LIBOR contracts written under New York State law.
- The Board of Governors of the Federal Reserve System issued a [letter](#) to supervisory staff and supervised institutions highlighting factors that examiners should consider in assessing supervised firms' transition efforts, and noting that examiners should consider issuing supervisory findings and other supervisory actions if a firm is not ready to stop issuing LIBOR-based contracts by 31 December 2021.
- The US Alternative Reference Rates Committee (ARRC):
 - [confirmed](#) that the FCA's announcement on future cessation and loss of representativeness of the LIBOR benchmarks constituted a 'Benchmark Transition Event' under ARRC fallback language.
 - [noted](#) that the fixing of the ISDA 'spread adjustments', alongside previous [US supervisory guidance](#) encouraging banks to cease new USD LIBOR issuance by end-2021, should accelerate market participants' move away from USD LIBOR.
 - held a [symposium](#) to cover LIBOR endgame announcements, SOFR developments and 2021 priorities. In [keynote remarks](#), Randal Quarles (Federal Reserve Board) noted US supervisors have encouraged supervised entities to stop new use of LIBOR as soon as practicable and, in any event, by the end of 2021.
 - [announced](#) Refinitiv as publisher of its spread adjustment rates for cash products.
 - published a [progress report](#) on transition from USD LIBOR.
 - [noted](#) it would not be in a position to recommend a forward-looking SOFR term rate by mid-2021 and encouraged market participants to continue to transition from LIBOR using available tools.
 - published a [white paper](#) on a suggested fallback formula for the USD LIBOR ICE Swap Rate.
 - released [supplemental versions](#) of its recommendation of hardwired fallback language for USD LIBOR denominated syndicated and bilateral business loans.
 - published a [white paper](#) to outline a model for using SOFR in asset-backed securities products.
- The Bank of Japan (BoJ) and Financial Services Authority (FSA) released a [joint letter](#) noting actions needed by financial institutions towards the end of 2021 when panel JPY LIBOR would cease, and preparation for no reliance on synthetic LIBOR. The BoJ and FSA would monitor transition progress and the FSA would consider using supervisory measures as deemed appropriate. The Cross-Industry Committee on JPY Interest Rate Benchmarks [welcomed](#) the letter.
- The European Commission launched a [consultation](#) on the possible designation of a statutory replacement rate for certain settings of CHF LIBOR to products such as retail mortgages and small business loans.
- The Hong Kong Monetary Authority (HKMA) [wrote to CEOs](#) of all authorized institutions to inform them of updates to the HKMA's updated transition milestones in relation to the reform of interest rate benchmarks.



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