

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

- Nov-Dec 2021** ▪ Continued active transition of legacy exposures. The FCA and PRA have [said](#) they will continue to monitor firms' efforts to remove any remaining dependencies on LIBOR across asset classes, both leading up to and after end-2021.
- 10 Dec 2021** ▪ [CurveGlobal](#) exchange traded GBP LIBOR futures conversion date (after market close).
- 17 Dec 2021** ▪ [LCH](#) and [CME](#) cleared GBP LIBOR swap conversion date (LCH dress rehearsal on 30 October 2021; CME practice runs on 5 and 15 November 2021).
 - [ICE](#) exchange traded GBP LIBOR futures and options conversion date.
- End-Q4 2021** ▪ Working Group milestone for market participants to be **fully** prepared for the end of GBP LIBOR.

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

- The Working Group published [minutes](#) from its September 2021 meeting, which included a reminder on the FCA and PRA's expectations on the use of the most robust available rates, an update on progress in derivatives market transition and a discussion on progress toward completion of active transition of legacy GBP LIBOR contracts.

UK Official Sector Updates

- The FCA published a [Q&A](#) on LIBOR and the FCA's new powers under the UK Benchmarks Regulation, based on questions submitted to the FCA ahead of its industry webinar held jointly with HM Treasury on 8 October. This includes questions on fallback provisions, use of synthetic LIBOR and the FCA's synthetic LIBOR decisions.
- The FCA published a [policy statement](#) on its finalised amendments to the derivatives trading obligation. The FCA has modified the list of derivatives subject to the derivatives trading obligation in line with Articles 28 and 32 of the UK MiFIR, in light of the interest rate benchmark reform and the recent Bank of England [policy statement](#) in September modifying the derivatives clearing obligation in line with Article 5 of the UK EMIR.

Market Developments

- The International Swaps and Derivatives Association (ISDA) published an RFR conventions and IBOR fallback [product table](#), including guidance on how fallbacks operate for non-linear derivatives.

Non-Sterling RFR Updates

- The US ARRC held the sixth event in its 'SOFR Symposium' series, which included remarks from Michael Hsu, Acting Comptroller of the Currency, on ending new use of USD LIBOR by end-2021. A recording can be found [here](#).
- The US ARRC released a [summary](#) of its recommendations regarding spread-adjusted fallbacks.
- The US ARRC [recommended](#) that market participants act now to slow their use of USD LIBOR to be well-positioned to meet supervisory guidance to cease new use of USD LIBOR as soon as practicable and in any event by 31 December 2021.

Key Market Indicators

ISDA Protocol adherence – 14,703 entities at end-October (+99 compared to end-September)

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 issued (2018-21) is 224 deals, totalling c.£103bn.

Listed Futures (data provided by futures exchanges)

	Aggregated across all products as at end-September (£bns)			
	Monthly traded value	Change since last month	Value of outstanding contracts	Change since last month
GBP LIBOR	6,714	+2,318 (53%)	2,266	-166 (-7%)
SONIA	3,211	+1,144 (55%)	891	+239 (+37%)
% SONIA	32%	0 p.p	28%	+7 p.p

Non-Sterling RFR Updates (Continued)

- The Commodity Futures Trading Commission's (CFTC) Market Risk Advisory Committee (MRAC) [selected](#) 8 November for its 'SOFR First' initiative for USD non-linear derivatives.
- A US interagency [statement](#) was published laying out supervisory considerations for the transition away from LIBOR, in particular a clarification on the meaning of new LIBOR contracts, and considerations when assessing the appropriateness of alternative reference rates.
- In the US, there has been a focus on supervisory guidance for market participants to proactively slow new use of USD LIBOR so they can meet the year-end supervisory deadline, at which point banks should stop entering into new USD LIBOR-linked contracts. Speeches have been delivered by: [Randal Quarles](#), Vice Chair of the Federal Reserve Board; [Lorie Logan](#), Executive Vice President of the Federal Reserve Bank of New York; and [Nathaniel Wuerffel](#), Senior Vice President of the Federal Reserve Bank of New York.
- On 5 October, JP Morgan announced the first leveraged loan to use SOFR from the outset, in a \$600mn deal for real estate lending company Walker & Dunlop based on term SOFR. Sports-vehicle manufacturer Polaris also announced it would use SOFR as its new benchmark rate to provide inventory financing to vehicle dealers.
- Following its recent consultations, the European Commission confirmed statutory replacement rates for [CHF LIBOR](#) and [EONIA](#).
- An €STR First [initiative](#) took place on 18 October, in line with the CCP transition from EONIA to €STR on that weekend.
- The European Banking Authority published a [thematic note](#) on transition risks of benchmark rates as LIBOR and EONIA are close to being phased out.

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

	As at end-September (£bns)			
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	2,305	+976 (73%)	10,406	-2311 (-18%)
SONIA	9,980	+5356 (116%)	16,525	+1954 (13%)
% SONIA	81%	+3 p.p	61%	+8 p.p

** Includes IRS and FRAs only



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