

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

- 21 September 2021** ▪ Market participants are [encouraged](#) in a switch to risk-free rates in the LIBOR cross-currency swaps market, helping to meet the Working Group milestone for market participants to cease initiation of cross-currency derivatives with a LIBOR-linked sterling leg (*except for the [risk management of existing positions](#)*).
- End-Q3 2021** ▪ Working Group milestone for market participants to complete active conversion of all legacy GBP LIBOR contracts expiring after end-2021 where viable and, if not viable, ensure robust fallbacks are adopted where possible.
- 17 December 2021** ▪ [LCH](#) and [CME](#) cleared swap conversion date (CME practice runs on 5 and 15 November 2021)
- 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](#) of its July 2021 meeting, including an update on transition progress in derivative markets and a discussion on the Working Group's end-Q3 recommended milestone to complete active transition of legacy GBP LIBOR contracts.

Market Developments

- ICE published a [feedback statement](#) and accompanying [press release](#) on its consultation on the potential cessation of ICE Swap Rate. This included feedback from market participants on its intention to cease the publication of GBP LIBOR ICE Swap Rate for all tenors immediately after publication on 31 December 2021.
- The Loan Market Association (LMA) published [practical guidance](#) for the documentary amendment process in transitioning legacy LIBOR

End-Q3 Active Transition Milestone

- With this milestone, borrowers are encouraged to actively engage with their lenders and advisors to help them understand what this milestone means for them. Borrowers should be expecting lenders to be engaging with them, aiming to complete the process of active conversion by the end of September 2021 where it is possible to renegotiate the loan
- Key documents that market participants may find helpful to refer to include:
 - In April 2021, the Working Group published a [statement](#) setting out a range of considerations to help market participants across GBP bond, loan and derivative markets, assess and prioritise the active transition of legacy GBP LIBOR contracts to SONIA.
 - The Working Group also published a [paper](#) to assist borrowers in understanding and achieving the end-Q3 milestone for active transition of legacy GBP LIBOR loans.

Key Market Indicators

ISDA Protocol adherence – 14,476 entities at end-August (+209 compared to end-July)

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, 2019, 2020 and 2021) is 211 deals, totalling c.£96bn.

Listed Futures (data provided by futures exchanges)

	Aggregated across all products as at end-July (£bns)			
	Monthly traded value	Change since last month	Value of outstanding contracts	Change since last month
GBP LIBOR	7,154	-41 (-1%)	2,330	-76 (-3%)
SONIA	3,819	-470 (-11%)	518	180 (+53%)
% SONIA	35%	-3 p.p	18%	+6 p.p

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

	As at end-July (£bns)			
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	1,425	-395 (-22%)	14,121	-835 (-6%)
SONIA	4,667	-597 (-11%)	13,922	1,212 (10%)
% SONIA	77%	+2 p.p	50%	+4 p.p

** Including FRAs

Non-Sterling RFR Updates

- The US Alternative Reference Rates Committee (ARRC) [welcomed](#) Refinitiv's prototype publication launch of the ARRC's recommended spread adjustments and spread adjusted rates for cash products.
- The Cross-Industry Committee on JPY Interest Rate Benchmarks [expressed](#) support for the 21 September switch that would see interdealer trading conventions for cross currency basis swaps between USD, GBP, CHF and JPY LIBOR to move to RFRs.
- The European Commission published consultations on draft acts aimed to designate a statutory [replacement](#) for certain settings of CHF LIBOR with SARON, and a statutory [replacement](#) for EONIA with €STR.
- A [letter](#) was sent from US principals Yellen, Powell, Gensler, Williams and Behnam to non-financial corporate stakeholders in response to their [letter](#) of 27 April 2021 regarding difficulty in securing loans tied to SOFR. They responded to issues raised by loan issuers on the new reference rate SOFR and the LIBOR cessation timetable.
- The US House Financial Services Committee [voted in favour](#) of the Adjustable Interest Rate (LIBOR) Act, aimed to establish a process for switching tough legacy USD LIBOR contracts to a benchmark replacement based on SOFR. The bill will require House and Senate approval before being enacted.
- The World Bank [approved](#) modifications that will enable use of RFRs (SOFR, SONIA and TONA) for new and existing loans.
- The Asian Development Bank [approved](#) a change from USD and JPY LIBOR to SOFR and TONA for all new sovereign loans as of 1 January 2022.
- In Singapore, the Steering Committee for SOR & SIBOR Transition to SORA (SC-STs) [published](#) updated timelines and recommendations for the transition of legacy exposures based on SOR.
- The ARRC [released](#) Frequently Asked Questions on Best Practice Recommendations Related to Scope of Use of the Term Rate



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