

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

- 16 March 2021** ▪ Deadline for responses to UK Working Group [consultation](#) on the successor rate to GBP LIBOR in legacy bonds.
- 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.

Working Group on Sterling Risk-Free Reference Rate Updates

- The Working Group published a [consultation paper](#) on the successor rate to GBP LIBOR in legacy bonds, seeking feedback on whether it would be helpful for the Working Group to make a recommendation on a successor rate upon the occurrence of a cessation event or a pre-cessation event, and to seek feedback on the successor rate to be recommended. The Working Group strongly encourages market participants to respond to this consultation which **will remain open until 16 March 2021**.
- The Working Group published a [paper](#) setting out a potential methodology using SONIA-based rates which could form a replacement for GBP LIBOR ICE Swap Rate (ISR).
- The Working Group published a [paper](#) to support market participants in meeting its recommended milestones for ending new use of GBP LIBOR in derivatives. 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 position and to support transition flows for active conversion.
- The Working Group published two papers to support market participants in moving new and refinanced loan issuance away from GBP LIBOR: (1) A [Best Practice Guide](#) in relation to conventions for new GBP SONIA referencing loans and for the transition of legacy GBP LIBOR referencing loans, and (2) A [Q&A document](#) relating to the end-Q1 2021 recommended milestone.
- The Working Group published [minutes](#) from its January 2021 meeting, including: an update on adherence to ISDA's IBOR Fallbacks protocol, next steps following the FCA's recent consultations and a discussion on a planned FICC Markets Standards Board (FMSB) code of conduct for term SONIA reference rates. The Bank of England highlighted that supervisors of regulated firms would continue to expect transition plans to be executed in line with industry-recommended timelines.

Official Sector Updates

- HM Treasury published a [consultation](#) inviting responses on the case for additional legal protections to support the wind-down of critical benchmarks, such as LIBOR. **The consultation closes on 15 March 2021.**

Key Market Indicators

ISDA Protocol adherence – 13,431 entities as at end-February (+345 compared to end-January)

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-Jan			
	Monthly traded volume	Change since last month	Number of contracts outstanding (Open Interest)	Change since last month
GBP LIBOR	11,401,040	-2,026,546 (-15%)	4,670,825	82,402 (2%)
SONIA	2,075,442	359,547 (21%)	248,500	58,070 (30%)

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

	As at end-Jan (£billions)			
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	6,538	2,576 (65%)	18,481	-2,073 (13%)
SONIA	9,079	1,430 (19%)	17,346	3,017 (21%)

** Including FRAs

Market Developments

- LCH [announced](#) it intends to move forward with a consensus approach of converting outstanding LIBOR contracts into corresponding RFR-based contracts, to take place at or shortly before an Index Cessation Effective Date.
- The Loan Market Association (LMA) published [notes](#) outlining LIBOR transition considerations for the LMA's wider suite of documentation

Non-Sterling RFR Updates

- The Working group on euro risk-free rates published summaries of responses to its public consultations on [EURIBOR fallback trigger events](#) and [ESTR-based EURIBOR fallback rates](#).
- The [European Money Markets Institute](#), the administrator of Eonia, encouraged its users to accelerate their transition to €STR
- The National Working Group on Swiss Franc Reference Rates published [minutes](#) of its February meeting. It also released a [Rate Switch Amendment Agreement](#) that could be used for syndicated CHF single currency credit facility agreements in English language, governed by Swiss law.
- Canadian energy firm [Enbridge Inc.](#) became the first non-financial issuer to sell debt linked to SOFR.
- The [World Bank](#) priced a 10-year benchmark bond linked to SOFR, setting a record for the longest SOFR benchmark to date.
- The Monetary Authority of Singapore [noted](#) SOR would end in line with IBA's proposed cessation of USD LIBOR, in mid-2023. The proposed extension would allow more time for transition of legacy contracts, while usage of LIBOR in new contracts was to cease as soon as possible. Accordingly, the Steering Committee for SOR Transition to SORA updated its [transition roadmap](#) for 2021/2022.



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