

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

- 1 April 2021** ▪ The Bank of England's LIBOR-linked collateral and haircut [policy](#) came into effect.
- 11 May 2021** ▪ Liquidity providers in the GBP non-linear derivatives market are [encouraged](#) to adopt new quoting conventions for inter-dealer trading based on SONIA instead of LIBOR.
- End-Q2 2021** ▪ RFRWG 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](#)*).
- End-Q3 2021** ▪ RFRWG milestone for market participants to complete active conversion of all legacy GBP LIBOR contracts expiring after end-2021 and, if not viable, ensure robust fallbacks are adopted where possible.

[Updates from the Working Group on Sterling Risk-Free Reference Rates](#)

- The Working Group published a [paper](#) considering how a **sterling structured products market** could be designed using compounded in arrears SONIA, and to support the transition of legacy structured products where GBP LIBOR is in use.
- 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 published a [paper](#) providing infrastructure and operational considerations to inform the planning and preparation for the **operationalisation of fallbacks** in non-cleared linear GBP LIBOR derivatives.
- The Chair, on behalf of the Working Group, [wrote](#) to HM Treasury seeking an update on the Government's approach to **safe harbour provisions** following its recent consultation.

[Market Developments](#)

- The FICC Markets Standards Board (FMSB) published a [spotlight review](#) looking at how market participants may manage potential conduct risks arising in back book transition.
- The International Swaps and Derivatives Association (ISDA) published its [Transition to RFRs Review](#) for Q1 2021.

[UK Official Sector Updates](#)

- The Financial Services Bill [received](#) Royal Assent on 29 April, and is now law. The Bill – which is now an Act – includes measures which provide the FCA with relevant powers to oversee an orderly transition away from the LIBOR benchmark.

[Key Market Indicators](#)

ISDA Protocol adherence – 13,950 entities as at end-April (+269 compared to end-March)

Loans - see [LMA](#) website for its updated list of publicly disclosed RFR-referencing loans to date, the latest on this list being a bilateral deal involving NatWest and Clarion Housing Group for a £100mn 10-year SONIA sustainability-linked loan.

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

The cumulative subtotal of SONIA-linked FRNs (2018, 2019, 2020 and 2021) is 186 deals, totalling c.£81.7bn.

Listed Futures (data provided by futures exchanges)

	Aggregated across all products as at end-March			
	Monthly traded volume	Change since last month	Number of contracts outstanding (Open Interest)	Change since last month
GBP LIBOR	15,061,906	-5,954,056 (-28%)	4,791,617	-218,172 (-4%)
SONIA	3,363,156	-22,669 (-1%)	272,972	1,211 (+0%)

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

	As at end-March (£billions)			
	Notional traded	Change since last month	Notional outstanding	Outstanding change since last month
GBP LIBOR**	4,454	-1,329 (-23%)	18,907	-2,067 (-10%)
SONIA	4,639	-4,461 (-49%)	14,394	-3,784 (-21%)

** Including FRAs

[Non-Sterling RFR Updates](#)

- The ARRC announced its [second event](#) in its series 'The SOFR Symposium: The Final Year' which will open with remarks by Federal Reserve Bank of New York President John Williams and Bank of England Governor Andrew Bailey. The event will highlight the significance of LIBOR transition for financial stability and the importance of moving away from LIBOR in a sustainable way.
- The ARRC [endorsed](#) the decision by the New York State Governor and Legislature to sign the New York State [LIBOR legislation](#) into law. The legislation aims to minimise legal uncertainty and adverse economic impacts associated with the transition from LIBOR.
- The ARRC announced [key principles](#) for an ARRC-recommended forward-looking SOFR term rate.
- CME Group launched a [Term SOFR Reference Rate](#) for 1-month, 3-month and 6-month tenors. CME states that this rate is aligned with the ARRC's principles for forward-looking SOFR term rates.
- The US Centre for Capital Markets Competitiveness, Association for Financial Professionals and National Association of Corporate Treasurers [wrote](#) to US official sector representatives including Secretary Yellen and Chairman Powell with their comments on the timetable set for the transition away from LIBOR to SOFR.
- The ARRC published an [updated progress report](#) on transition from USD LIBOR, to reflect revisions made to LIBOR exposures data.
- The Federal Reserve Board published its [Supervision and Regulatory Report April 2021](#) which notes the transition away from LIBOR as a key supervisory priority for large financial institutions.
- BMW Group [executed](#) \$1.25bn of swaps referencing SOFR, in the largest corporate interest rate swap linked to SOFR to date.
- The Islamic Development Bank [issued](#) its first SOFR-linked Sukuk.
- The Bank of Canada began to publish the [CORRA Compounded Index](#) from 6 April.
- The Cross-Industry Committee on JPY Interest Rate Benchmarks updated its [roadmap](#), to include a transition plan for interest rate swaps referencing JPY LIBOR and maturing after end-2021.
- The QUICK Corp. and its group company, QUICK Benchmarks Inc. (QBS) began to publish production rates of a [Tokyo Term Risk Free Rate \(TORF\)](#) for trading from 26 April.



Find out more on our [website](#)

Follow us on [LinkedIn](#)