



The following provides a collection of relevant publications for transition to new reference rates related to the following currencies: USD, Euro, Japanese Yen, British Pound, Swiss Franc, Australian Dollar, Singapore Dollar, HK Dollar, Brazilian Real, Canadian Dollar, Mexican Peso, South African Rand, China/SHIBOR and Indonesia/JIBOR.*

January 2020

GFMA, AFME, ASIFMA and SIFMA

[ASIFMA and Herbert Smith Freehills Publish Report on Preparations in Asia Regarding the EU Benchmarks Regulation \(December 2020\)](#)

ASIFMA in partnership with Herbert Smith Freehills, published a report titled “The EU Benchmarks Regulation and the APAC Region: Keeping Up the Momentum.” The report examines the ongoing difficulties encountered in Asia relating to preparation for the EU Benchmark Regulation (EU BMR).

Global

[Correspondence with ISDA Regarding Pre-Cessation Triggers \(January 30, 2020\)](#)

In response to a [letter](#) from the OSSG regarding pre-cessation triggers, ISDA sent a [letter](#) to the Financial Conduct Authority (FCA) and ICE Benchmark Administration (IBA) recommending that the “reasonable period” during which a “non-representative” LIBOR would be published would be minimal after the FCA announces that LIBOR is no longer representative. FCA responded to ISDA with a [letter](#) describing the relevant laws and clarifying how they intend to apply them. Additionally, IBA sent a [letter](#) setting out their intentions and the London Clearing House (LCH) announced a [rulebook consultation](#) relating to the inclusion of an automatic trigger.

NORTH AMERICA

CAD

[CARR Holds January Meeting \(January 27, 2020\)](#)

The Canadian Alternative Reference Rate Working Group (CARR) held a 27 January meeting. Agenda items included a review of global work on interest rate benchmarks, updates from CARR subgroups, and any other business. Minutes and further details on the meeting are expected to be published on the CARR [site](#).

USD

[ARRC Publishes Newsletter \(December 2019 – January 2020\)](#)

The Alternative Reference Rates Committee (ARRC) published its latest newsletter for December 2019 – January 2020. The newsletter provides an update from ARRC on global IBOR transition topics with an added focus on the US market. Previous versions of the Newsletter can be found at the [ARRC site](#).

[ARRC Releases Vendor Survey and Buy-Side Checklist on Transition to SOFR \(January 31, 2020\)](#)

The Alternative Reference Rates Committee (ARRC) released a [vendor survey](#) and [buy-side checklist](#) to support the transition to SOFR. Both items were developed by the ARRC's Operations/Infrastructure Working Group. The survey acts as a self-assessment tool that software and technology vendors can use to assess their readiness for the transition. The checklist lays out recommended steps for buy-side firms to consider during the transition.

[ARRC Publishes Recommendation for Interdealer Cross-Currency Swap Market Conversions \(January 24, 2020\)](#)

The Alternative Reference Rates Committee (ARRC) released its final recommendations for new interdealer cross-currency basis swaps referencing SOFR and other risk-free rates (RFRs). The recommendations document is composed of three sections. The first section covers conventions for RFR-RFR cross currency swaps. The second covers conventions for RFR-interbank offered rates (IBORs) cross currency swaps. The third covers potential fallbacks for cross-currency swaps that currently are referencing IBORs. Additionally, the document references that it incorporated feedback from **AFME**, **SIFMA**, and ISDA during the development of these recommendations.

[ARRC Releases Consultation on Potential Spread Adjustment Methodologies \(January 21, 2020\)](#)

The Alternative Reference Rates Committee (ARRC) released a consultation on potential spread adjustment methodologies seeking input on the calculation of spreads to account for differences between SOFR and LIBOR. The consultation proposes a static spread adjustment that would be implemented at a specific time either prior to or on the date of USD LIBOR's cessation. The proposed spread would make a spread-adjusted version of SOFR comparable to USD LIBOR. Feedback for the consultation is open through 6 March 2020.

[FINRA's Office of Financial Innovation Publishes Interviews with Industry Experts \(January 13, 2020\)](#)

Haimera Workie and Richard Vagnoni from FINRA's Office of Financial Innovation hosted three interviews with industry experts to highlight how regulators are approaching the LIBOR transition and how firms should be preparing. The interviews included information on the history of LIBOR, a status update on the transition, and an overview of how regulators are planning and preparing for the transition.

[NY DFS Sends Letter to Regulated Institutions Requesting Details on LIBOR Transition Plans \(December 23, 2019\)](#)

Linda A. Lacewell, Financial Services Superintendent of the New York Department of Financial Services (NY DFS), sent a [letter](#) to regulated institutions requesting a response detailing their LIBOR transition plans. The letter states that each institution's plans describe:

- (1) programs that would identify, measure, monitor and manage all financial and non-financial risks of transition,
- (2) processes for analyzing and assessing alternative rates, and the potential associated benefits and risks of such rates both for the institution and its customers and counterparties,
- (3) processes for communications with customers and counterparties,
- (4) a process and plan for operational readiness, including related accounting, tax and reporting aspects of such transition, and
- (5) the governance framework, including oversight by the board of directors, or the equivalent governing authority, of the regulated institutions.”

An [extension](#) has been granted since the original release and responses are to be provided by 23 March 2020.

EUROPE

EUR

[WG on EUR RFR Publishes Minutes from its 4 December 2019 Meeting \(December 20, 2020\)](#)

The Working Group on Euro Risk-Free Rates (WG on EUR RFR) published the minutes from its 4 December meeting. Meeting topics included next deliverables for the WG, an update by Subgroup 5 on cash products and derivatives, an update by Subgroup 3 on the Euribor legal action plan, and an update by Subgroup 7 on communication measures. Additional meeting resource materials and resources can be found on the ECB [site](#).

GBP

[UK RFRWG Publishes January Newsletter \(January 2020\)](#)

The UK RFRWG released its latest newsletter for January 2020. The newsletter provides an update from the Working Group regarding RFR transition in the GBP market with a focus on market developments, official sector updates, key liquidity indicators and key milestone dates. Previous editions of the Newsletter can be found on the Bank of England [site](#).

[UK RFRWG, BOE, and FCA Publish Documents Outlining Transition Priorities and Milestones for 2020 \(January 16, 2020\)](#)

The Bank of England (BOE), Financial Conduct Authority (FCA), and Working Group on Sterling Risk-Free Reference Rates (UK RFRWG) jointly published a release regarding the next steps for the LIBOR transition in 2020. The release stresses the importance of action needed to be taken in 2020 and includes statements from Tushar Morzaria, Chair of the UK RFRWG, Andrew Hauser, Executive Director for Markets at the BOE, and Christopher Woolard, Executive Director of Strategy and Competition at the FCA. The release also provides references to documents recently published by the UK RFRWG, BOE, and FCA. Details for the most recent of these documents are also provided below in this section of the newsletter.

[PRA and FCA Publish Letter to Senior Managers of Major UK Banks and Insurers Regarding the LIBOR Transition \(January 16, 2020\)](#)

The Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) published a letter that was sent to senior managers leading LIBOR transition efforts at major UK banks and

insurers. The letter provides an overview of the initial expectation of firms' transition progress during 2020. The letter also reinforces the intention that sterling LIBOR will cease to exist after the end of 2021 and that firms must be prepared.

[FCA and BOE Release Statement Encouraging Switch from LIBOR to SONIA for Sterling IRS from Spring 2020 \(January 16, 2020\)](#)

The Financial Conduct Authority (FCA) and Bank of England (BOE) released a statement encouraging market makers to change the market convention for sterling interest rate swaps (IRS) from sterling LIBOR to the Sterling Overnight Index Average (SONIA) beginning in Q1 2020. Both authorities stated that 2 March 2020 has been identified as an appropriate date for this change to occur.

[UK RFRWG Releases Priorities and Roadmap for 2020 \(January 16, 2020\)](#)

The Working Group on Sterling Risk-Free Reference Rates (UK RFRWG) published its roadmap for 2020. The roadmap includes a list of the five top level priorities for 2020 as well as a timeline highlighting the timing of key developments to occur throughout the year.

[UK RFRWG Publishes Use Cases of Benchmark Rates \(January 16, 2020\)](#)

The Working Group on Sterling Risk-Free Reference Rates (UK RFRWG) published a working paper considering the use of SONIA by market participants. The paper outlines the reasons why Term SONIA Reference Rates (TSRRs) must be limited in use and it considers use cases within cash markets where a TSRR would be beneficial and cases where overnight SONIA compounding in arrears is most likely appropriate. Currently, administrators are working to develop an IOSCO-compliant TSRR. Additionally, the paper states that it is expected that TSRRs will be published sometime in Q1 2020 for a period of observation.

[UK RFRWG Shares Progress Report on the Transition of LIBOR Legacy Bonds to SONIA by Way of Consent Solicitation \(January 16, 2020\)](#)

The Working Group on Sterling Risk-Free Reference Rates (UK RFRWG) published a progress report on the use of consent solicitation to transition LIBOR legacy bonds to SONIA. The report notes that there have been eight publicly announced successful consent solicitations with a nominal value of GBP 4.2 billion. The report also provides a list of six considerations for the conduct of consent solicitations to transition English law legacy bond contracts from LIBOR to SONIA.

[UK RFRWG Releases Fact Sheet for End-Users Summarizing the LIBOR Transition \(January 16, 2020\)](#)

The Working Group on Sterling Risk-Free Reference Rates (UK RFRWG) released a fact sheet to assist and inform end-users regarding the LIBOR transition and emphasizing why action should be taken now. The fact sheet includes sections highlighting what is happening, what end-users should be doing, and where further information can be found.

APAC

HKD

[HK TMA Hosting ISDA Presentation on LIBOR/IBOR Contractual Fallback Language \(Event to be held March 10, 2020\)](#)

The Hong Kong Treasury Markets Association (HK TMA) announced that it is hosting ISDA's Senior Counsel, Ms. Jing Gu, to present on the LIBOR/IBOR contractual fallback language relating to cleared and non-cleared derivatives markets.

JPY

[Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks Updates List of Participants \(January 10, 2020\)](#)

The Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks published an updated list of participants as of 10 January 2020. Additionally, an [updated list of participants](#) for the Sub-Group on Loans was published as of 10 January 2020.

*All information collected and provided for this report is publicly available